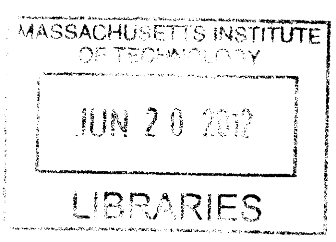
# ANCHOR INSTITUTIONS, INNOVATION, AND INCLUSION:
## Cleveland's University Hospitals Vision 2010 as a National Example for Addressing *Affordable Healthcare Act* 990 Requirements



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Submitted to the Department of Urban Studies and Planning
in partial fulfillment of the requirements for the degree of

**Master in City Planning**

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# ABSTRACT

Democratic wealth generation is an important part of future community and economic development strategies. It is built on the notion that all members of society, especially low-income communities, communities of color, and the formerly incarcerated should have equal access to job opportunities in order to create a more democratic and economically stable society. As cities struggle through population decline, changing industries, high vacancies, and a deteriorating economic base, models for democratic wealth generation become instrumental for revitalization. Within these cities, anchor institutions play a pivotal role in shaping the landscape of career opportunities and regional development. One such example, in Cleveland, Ohio will be the focus of this Masters Thesis. I will examine Vision 2010, a diversity-driven procurement strategy enacted during the construction of University Hospitals' five new facilities to illustrate the strengths, challenges, and lessons of anchor institutions choosing to act regionally and prioritizing inclusion and innovation. A thorough analysis of the case model will provide evidence for a theory of practice for anchor institutions and regions throughout the United States, especially as it relates to new 990 reporting requirements as part of the Affordable Healthcare Act (ACA).

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# INTRODUCTION

## U.S. Affordable Health Care Act & Community Benefits

As of March 23, 2012 The Affordable Health Care Act established requirements for the 2,900 nonprofit hospitals in the United States under section 9007 to provide "Community Benefits."[1] Nonprofit hospitals receive billions of dollars in federal tax subsidies. Their nonprofit status also provides them the ability to receive tax-deductible contributions and the authority use tax-exempt bond financing. While bond financing varies by state, there are clear financial benefits for hospitals to maintain their nonprofit status.[2] In 2002, qualified nonprofit hospitals reportedly saved $2.5 billion in income taxes and $1.8 billion through the use of tax-exempt bonds.[3] As of 2011, the top-grossing 50 nonprofit hospitals, according the American Hospital Directory earn a combined $214.15 billion dollars in gross revenue.[4]

The financial benefit nonprofit hospitals receive largely rests on the legally binding principle that nonprofit hospitals are "charitable organizations" as described by the Internal Revenue Code 501(c)(3) section. The concept of charitable organization is built around the connection of an institution to the community. Initially, nonprofit hospitals were identified by the Internal Revenue Service (IRS) as "charity care" but with the advent of Medicare and Medicaid in the 1960s, responsibility of care moved farther from institutions and closer towards individual responsibility.[5] As individuals could access free or reduced cost health care, the role of the hospital in providing charity care also shifted. In 1969, the IRS adopted the term "community benefit" as a new qualifying

[1] IRS, "New Requirements for 501(c)(3) Hospitals Under the Affordable Care Act."
[2] Hair, "Working Draft."
[3] Courtney, "Hospital Tax-Exemption and the Community Benefit Standard."
[4] LeValley and Dunn, "50 Top Grossing Hospitals in America | News & Analysis."
[5] Courtney, "Hospital Tax-Exemption and the Community Benefit Standard."

condition to maintain the charitable organization status.[6] In order to meet this standard, the IRS included activities that "promote the health of a broad class of individuals in the community" as well as "the promotion of health, like the relief of poverty and the advancement of education and religion" to purposefully uphold the general law of charity that benefits the "community as a whole[7]." Such community benefit is true "even though the class of beneficiaries eligible to receive a direct benefit from its activities does not include all members of the community, such as indigent members of the community."[8] The Affordable Health Care Act of 2012 (ACA) is fine-tuning the definition of community benefit even further by adding a new requirement that stipulates the development of a community health needs assessment and a plan to address those needs every three years.

The additional ACA requirement specifies an important measure to ensure that the social benefit a nonprofit entity must provide reciprocates for the financial benefit a hospital receives for its nonprofit status. Currently, the ratio of hospital financial benefit to community benefit is uneven. A 1990 report by the Government Accountability Office (GAO) showed that 57 percent of the nonprofit hospitals provided less charitable care than the value of the tax exemption they received.[9] A 2007 study by the Congressional Budget Office (CBO) found that nonprofit hospitals still provide only an average of 4.7 percent uncompensated care as a share of total hospital operating expenses.[10] A small number of hospitals, where the majority of charity care is concentrated, significantly influence this average. This suggests that a substantial number of nonprofit hospitals are not *earning*—but are still *receiving*—the same tax exemptions.

[6] Ibid.
[7] IRS 990 document
[8] Courtney, "Hospital Tax-Exemption and the Community Benefit Standard."
[9] Office and Aging, *Nonprofit Hospitals*.
[10] Folkerts, "Do Nonprofit Hospitals Provide Community Benefit-Critique of the Standards for Proving Deservedness of Federal Tax Exemptions."

Nonprofit hospitals are required to justify the community benefit they provide in return for the tax benefits they receive, however the definition of how that requirement is met is open to interpretation. The definition of a community is not geographically or characteristically delineated. Furthermore, how the community health needs assessment will be carried out, either by an in-house person or outside entity, impacts the level of community engagement. The level of community engagement required also fluctuates with the definition of community benefit. Community engagement is an important factor for consideration. A local hospital or cluster of hospitals has a particular advantage in being able to engage a local community and community groups. In turn, those community groups have an opportunity to work with and hold nonprofit hospitals accountable to meeting community needs. The current community benefit standard has the potential to disburse the nonprofit benefits between hospitals and the community more equally, if strategically approached by both nonprofit hospitals and the community.

## Co-Creation of Shared Value

Public and private partnerships are increasingly important in creating social, environmental, and financial value. Collaborations leverage expertise and provide innovative policy and financing solutions. However, the dominant discourse within the private sector has placed corporations as discrete from the public sector and more capable of leading the charge of community giving. The terms of contributing socially are defined by businesses, which for the most part have not fully investigated the value that can be co-created by for-profits, nonprofits, governments, and communities.

Corporations clearly exist within the fabric of a community and harness substantial financial power. Their economic citizenship is validated as a social good "by their ability

to provide products, services, jobs, and contribution to the local tax base".[11] Within this frame, the corporation is in a distinct position of power. During the 1960s and 1970s, social uprisings pushed corporations to do business differently. In some regards, the notion of "with great power comes responsibility" resulted in the idea of Corporate Shared Responsibility (CSR).[12] This was an important way for multinational corporations to demonstrate how they increase benefits beyond the boardroom. CSR increased the ethical awareness of businesses by reshaping missions and creating new standards to be upheld for its consumers.[13] CSR also attempted to decrease negative public impressions of corporations through giving back, which mostly occurred in the form of increased philanthropic giving and donations.[14] Nobel laureate Milton Friedman called CSR programs, despite their well intentions, "hypocritical window dressing" arguing that the priority of these companies was primarily profits and philanthropic giving was smart public relations.[15] The image of many corporations improved substantially, despite growing rates of poverty, unemployment, incarceration, and other social indicators, indicating financial gains as disproportionate to long-term social gain.

Prominent Harvard Business School thought leaders Michael Porter and Mark R. Kramer also critique CSR, and instead proposes another concept to regain the public's confidence in the value of corporations through Creating Shared Value (CSV).[16] As described by the New York Times columnist, Steve Lohr:

> Shared value is an elaboration of the notion of corporate self-interest — greed, if you will. The idea that companies can do well by doing good is certainly not new. It is an appealing proposition that over the years has been called "triple bottom line" (people, planet, profit), "impact investing" and "sustainability" — all describing corporate initiatives that address social concerns including environmental

[11] Noer, Ewalt, and Weiss, "Corporate Social Responsibility - Forbes.com."
[12] Lohr, "'Shared Value' Gains in Corporate Responsibility Efforts."
[13] Ibid.
[14] Ibid.
[15] Ibid.
[16] Porter and Kramer, "Creating Shared Value."

pollution, natural-resource depletion, public health and the needs of the poor.[17]

In the report "Creating Shared Value," Porter notes, "the principle of shared value creation cuts across the traditional divide between the responsibilities of business and those of government or civil society," adding that "from society's perspective, it does not matter what types of organizations [create] shared value."[18] At the same time, he prescribes specific roles for the private sector, government, foundations, and nonprofit organizations. In suggesting that government's role is primarily that of regulator, Porter defines "good" regulation as including measures and standards, timelines, and technological support that stimulate economic activity and "bad" regulation, as including regulatory mandates and enforcement activities that inhibit innovation. As for foundations, Porter emphasizes their role in creating shared value through collaborative work with leading firms, as well as in brokering more equitable even power relations between small local enterprises, NGOs, government, and major firms.[19] For Porter, the firm exists apart from community, the latter's purpose being to create product demand and provide public assets and a supportive environment together with government, foundations, and NGOs.[20] Porter fails to attend to the ownership and gains distribution structure underlying value creation. Simply writing off redistribution approaches that consider sharing value "already created by firms" he leaves open the question of whether "policies and operating practices that enhance the competitiveness" will truly advance "the economic and social conditions in the communities in which it operates" as long as companies own the means of production and government, foundations, NGOs, and "the community" is in a supporting role.[21]

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[17] Lohr, "'Shared Value' Gains in Corporate Responsibility Efforts."
[18] Porter and Kramer, "Creating Shared Value."
[19] Ibid.
[20] Ibid.
[21] Gittell and Thompson, "DRAFT: Democracy and Shared Value Creation as Frameworks for Community Economic Development."

CSR and CSV are not different insomuch as they proclaim corporations are benefactors, the community is the beneficiary, and government is relegated to the role of a technical regulator. This perspective fails to recognize the opportunity gained by working with the community and government as more equal partners who have important insights in creating both financial and social value.

## Market Creek Plaza: The Benefit of Co-Creating Shared Value

Market Creek Plaza in San Diego, California is a strong example of what Porter misses by undervaluing the role of the community and public sector. Market Creek Plaza is a development sparked by the Jacobs Family Foundation Center for Neighborhood Innovation (JCNI) with an intention priority to community benefit.[22] In an effort to practice place-based philanthropy, JCNI realized the physical disconnect from the communities they wanted to work with, which pushed them to invest in the Diamond Neighborhoods.[23] These neighborhoods hold eighty-eight thousand residents from more than twenty cultures, including African Americans, Samoans, Laotians Sudanese, Latinos, Filipinos, and Somalis. The neighborhoods median family income in 2000 was $32,000.[24] To maximize community development they worked with a community organizer to listen to the residents, and recognized the place and people as a resource, not a liability. The community wanted to invest in JCNI's development project. Their ownership would not only increase financing options but also establish a committed local customer. No legal mechanism existed to facilitate sales to residents, so JCNI had to create a process and innovate a solution: a community development initial public offering (CD-IPO).[25] The structure of a CD-IPO allowed for shared ownership, which

[22] Epstein, *Change Philanthropy: Candid Stories of Foundations Maximizing Results Through Social Justice.*
[23] Ibid.
[24] Robinson, *Market Creek Plaza: Toward Resident Ownership of Neighborhood Change.*
[25] Epstein, *Change Philanthropy: Candid Stories of Foundations Maximizing Results Through Social Justice.*

went beyond a short-term solution towards a more lasting vision of community wealth generation. Investors from the community would have more risk, but also an increased opportunity for capturing gains. This was a much more dynamic community role than described by Porter. After identifying $60 million in retail leakage and a demand for a grocery store, the market was ripe.[26] Throughout its ten years of existence, the Food 4 Less in Market Creek Plaza has recorded steady profits, even during the recession, and as of 2011 was one of the top ten revenue producing grocery stores in southern California.[27] Even the construction required for Food 4 Less employed community businesses. "69 percent of the construction contracts for Market Creek Plaza were awarded to local minority-owned enterprises, totaling $7.1 million" for minority contracts.[28] Co-creation and ownership of an idea or need for a specific enterprise breeds loyal customers who proudly shop locally and sustain earnings. Investing in these types of co-owned developments is a promising community and economic development model.

JCNI and public officials went well beyond regulatory measures to support local economic development, providing a new method for sharing investment costs and benefits from a proposed development. Additionally, construction of the development provided 360 local jobs with a payroll of at least 65 percent inclusion of minorities and women.[29] The project's impact on the local economy easily surpassed what the occasional donation could begin to address.

The role of JCNI in Market Creek Plaza indicates that not only can foundations and NGOs work with existing businesses; they can also actively lead courses of long-term alternative economic development that encourages entrepreneurship among community

[26] Robinson, *Market Creek Plaza: Toward Resident Ownership of Neighborhood Change.*
[27] Vanica, Barrios, and Butner, "Market Creek Executive Team."
[28] Robinson, *Market Creek Plaza: Toward Resident Ownership of Neighborhood Change.*
[29] Barcelo-Feldman, "Market Creek Plaza Architect Named Young Architect of the Year."

members. Further, the separation between businesses and communities may not be so easily defined, as locally hired residents can step into the firm as worker-owners to share not only the experience of creating economic value but also accumulated wealth and offer a fuller realization of community benefit.

Nonprofits, governments, community members and organization are vital components to creating a strong economic development model to simultaneously foster financial and social gains. Within the realm of nonprofit economic development activism, anchor institutions are playing an increasing interesting role in shifting local and regional economies.[30]

## The Broadening Role of Anchor Institutions

Anchor institutions are place-based enterprises firmly rooted in their locales. [31] Educational and medical institutions, often referred to as "eds and meds," are the most prominent types of anchor institutions, but anchor institutions are not limited to those entities. Cultural institutions, such as museums, and health care facilities, such as nursing homes, and civic institutions embodied by municipal governments are also anchored in the community. Unlike for-profit corporations who are more mobile and often relocate for lower labor costs, increased subsidies, fewer regulations, or in the face of diminishing returns, anchor institutions are more firmly rooted to a locale based on their mission, non-transferrable infrastructure, and historical investments in a place.[32] These anchor institutions have an economic self-interest in helping ensure that the communities in which they are based in are safe, vibrant, and healthy.[33]

[30] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building.*
[31] Ibid.
[32] Ibid.
[33] Ibid.

Hospitals as an anchor institution are a powerful economic force. Nationwide universities employ more than two million full-time workers and another million part-time workers.[34] Hospitals employ more than double the number of employees, which as of 2009 exceeded 5.4 million.[35] In terms of purchasing power, universities purchase over $373 billion in goods and services and their endowments exceeded $411 billion before the stock market bubble, and even post-bubble, remain well above $300 billion.[36] For hospitals, the economic impact is even greater. Hospitals annual purchasing power now exceeds $750 billion.[37] Even with the prominence of for-profit hospitals, roughly 86 percent of hospital beds are either in nonprofit or publically owned hospitals.[38] Nonprofit hospitals, given the ACA "community benefits" requirement are nicely positioned to leverage their purchasing power to generate local jobs and provide transformative community and economic development.

Growing community economic vitality through anchor institutions does not necessarily require any new money, but rather a shift in spending policies. For example, a study of northeast Ohio food spending (which totaled roughly $15 billion) found that a shift of an additional 25 percent of food production to local production within a 16-county Northeast Ohio region, "could create 27,664 new jobs, providing work for about one in eight unemployed residents. It could increase annual regional output by $4.2 billion and expand state and local tax collections by $126 million."[39] In addition to the creation of jobs, a supply-chain analysis could reveal even greater employment opportunities. Furthermore, study authors note: "The multipliers of each sector are drawn from national, state, and regional aggregates of all businesses, local and non-local. If some

[34] Ibid.
[35] American Hospitals Association, *Table 6.1: Number of Full-time and Part-time Hospital Employees, 1993-2009*.
[36] Ibid.
[37] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building*.
[38] AANHC, "Basic Facts and Figures."
[39] Masi B. et al, *The 25% Shift: The Benefits of Food Localization for Northeast Ohio & How to Realize Them*.

chain businesses were replaced by local ones—a likely eventuality if the region embraced a comprehensive plan for food localization—the economic benefits would be much higher".[40] Within northeast Ohio study authors also noted how Oberlin College, "which now purchases 30-40 percent of its food locally, has demonstrated that a shift of this magnitude is possible".[41] While this potential within procurement is greatly significant, it is not frequently exercised and remains an untapped resource for local job creation and equitable economic development.

The work of the Democracy Collaborative has been instrumental in documenting the connection between anchor institutions and community and economic development. Steve Dubb and Ted Howard through documented case studies in Atlanta, Florida, Minnestoa, New York, Ohio, Oregon, Pennsylvania, and several other states demonstrate the impact of anchor institutions, showing "that properly focused and leveraged, anchor institution procurement, investment, and hiring can generate a significant and beneficial local economic impact, far exceeding what is currently achieved."[42] Through their study they suggest that:

> What is required is a much deeper level of institutional engagement in which anchors commit themselves to consciously apply their place-based economic power, in combination with their human and intellectual resources, to better the long-term welfare of the places in which they reside, including for low-income residents of urban areas.[43]

Hospitals are in many ways serving the function of the corporate elite, in terms of economic impact. Anchor institutions, hospitals in particular, embody the potential to change the economic landscape of their locales. They are often the major economic engines in towns during a recession when other private businesses have left. This realization has pushed some hospitals to think of themselves as strong economic

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[40] Ibid.
[41] Ibid.
[42] Dubb and Axelroth, *The Road Half Traveled: University Engagement at a Crossroads*; Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building*.
[43] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building*.

anchors. For example, a 2007 American Hospital Association report entitled *Beyond Health Care* noted that, "Hospitals regularly rank among the top 10 employers in large urban areas such as Boston, New York, and Detroit. In Cleveland, the two largest hospital systems are the top two employers and together employ more than 43,000 workers. In Washington State, hospitals employ more workers than Microsoft or Boeing."[44] In some places, anchor institutions are the new corporate elite.

Hospitals can solve real-world problems by thinking globally, but acting locally. Nationally, the United States faces the challenges of substandard housing, inadequate healthcare, unequal schooling, lack of access to healthy foods, and limited job opportunities.[45] Dubb and Howard point to three external trends that provide an incentive to focus economic activity more locally.[46] First, there are growing concerns about the environmental impacts of climate change, which is mitigated by focusing on local purchasing to diminish transportation impacts and offset carbon emissions.[47] Secondly, national fragility in terms of disaster preparedness is highlighting the roles hospitals can play in hedging against environmental and political disruptions.[48] Thirdly, pressure from city government to enact payments in lieu of taxes (PILOT) on large nonprofit institutions that utilize municipal services without paying local taxes to support them have been on the rise.[49] In 2010, a report by the Lincoln Land Institute of Land Policy noted, "In recent years, local government revenue pressures have led to heightened interest in PILOTs, and over the last decade they have been used in at least 117 municipalities in at least 18 states. Large cities collecting PILOTs include Baltimore, Boston, Philadelphia, and Pittsburgh". The pressure of measures, such as the PILOT

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[44] AHA, *Beyond Health Care: The Economic Contribution of Hospitals.*
[45] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building.*
[46] Dubb and Axelroth, *The Road Half Traveled: University Engagement at a Crossroads.*
[47] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building.*
[48] Ibid.
[49] Ibid.

program, and large-scale climate and safety issues can be mitigated through a focus on local economic development.

The realization of hospitals' growing role as an economic engine is coupled with varying implications on the communities they serve. On one hand anchor institutions are inextricably tied to their locale, as "by reason of mission, invested capital, or relationships to customers or employees, [they] are geographically tied to a certain location," but on the other hand, that definition and the connection to the community that results has produced mixed results.[50]

Defining a community, and how to best serve its changing dynamics is a clear challenge for anchor institutions. "Some anchor institutions view their community as solely the people within the boundaries of their institution. Others see themselves within a broader community—for many urban institutions, a community of poverty and blight—one with which they may or may not choose to engage".[51] At the same time, the historical role and connection between an anchor hospital and the community is instrumental in engagement approaches. The Democracy Collaborative sites Syracuse University as an example of an anchor institution taking on "the entire City of Syracuse as its community while still focusing on revitalization of two local neighborhoods".[52] The authors note that "not all urban anchor institutions are immediately surrounded by poverty" and in "cases [where] an anchor institution is surrounded by wealthy or middle-class neighborhoods, the institution can choose whether to focus their partnership efforts on relations with their immediate neighbors or to invest at least some level of focused resources in a targeted neighborhood that is not directly adjacent, but is in

[50] Webster and Karlstorm, *Why Community Investment Is Good for Nonprofit Anchor Institutions: Understanding Costs, Benefits, and the Range of Strategic Options.*
[51] Dubb and Howard, *Leveraging Anchor Institutions for Local Job Creation and Wealth Building.*
[52] Ibid.

greater need of the resources and relationships that an anchor institution can provide.[53] Critical choices must be made on which neighborhoods within the geography of their locale are viewed as the hospital's community.

Some anchors engage existing communities, while other look to attract new community members. Elizabeth Hollander, Senior Fellow at Tufts University, highlights the challenge of avoiding pushing poor people out of neighborhoods: "In thinking about the university role in improving a community without gentrifying it, it's hard to do, no matter who you are. When university and city government are equally committed, then chances are improved. Most of where this work is right now, is people being proud of doing anything at all—we too easily slide over true wealth development and the true impact on residents." [54]Dubb and Howard point out that this "highlights the risk that anchor institution strategies may improve the quality of life in target neighborhoods, but without markedly improving the welfare of long-time neighborhood residents—frequently low-income and people of color—some of whom may move out of the neighborhoods due to increased rental values or rising property taxes."[55] Economic development potentially engenders shifting opportunities from current community residents towards a new set of more economically capable residents. Provisions to maintain the balance between investing in long-term residents and attracting new residents and to foster mixed-income neighborhoods are increasingly important. Often, without these intentional precautions, and despite intentions, "anchor institutions bear the risk of promoting gentrification and less-diverse communities."[56]

The role of anchor institutions, hospitals in particular, is increasingly important. As urban areas throughout the nation face shrinking populations, growing vacancies,

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[53] Ibid.
[54] Ibid.
[55] Ibid.
[56] Ibid.

diminishing manufacturing job opportunities, and increasingly diverse communities, strategic community and economic development is important to maintaining and growing regional vitality. This does not necessarily have to involve new investments, but a rethinking and resifting of how anchor institutions are already using procurement dollars. A slight shift can produce immediate and large environmental, social, and financials gains through a local focus on job creation. Within the work of supporting a local and regional economic and workforce development plans, hospitals become instrumental in community development. Anchor institutions must confront the intertwined nature of the community and the institution in promoting overall economic stability. Special attention, intentionality, and accountability must be focused on the dynamics between hospitals and the communities they serve. By concentrating on those with the most barriers to gainful employment, primarily low-income communities and communities of color, a hospital can achieve equitable development and create conditions for all people to have more equal access to positive life outcomes. As communities become more diverse (with a national minority-majority predicted to occur in roughly 30 years) [57] supporting racially, culturally and economically diverse communities are a promising, and recommended way to move forward. The new ACA requirements for creating a needs assessment and an actionable implementation plan, indicates the growing role anchor institutions must play in refashioning opportunities for local economic and community development.

## Moving Towards a New Research Question

Given the new provisions of the ACA a growing body of research is required to understand better the law's role in creating mechanisms for promoting community benefit, especially in regard to its impact on low-income communities and communities of color. Two aspects of the law are particularly important for this discussion: the

[57] Blackwell, Kwoh, and Pastor, *Uncommon Common Ground: Race and America's Future*.

community assessment, which requires both a needs assessment and implementation plan, and the newly added reporting requirement to be exhibited in Schedule H of the annual tax return 990 forms required by tax-exempt hospitals.[58]

990 Community Assessment Regulations

The newly required Community Assessment has four important conditions worthy of note. First, starting with the tax years that commence after March 23, 2011, the Affordable Health Care Act requires hospitals to create a community health needs assessment and implementation strategy once every three years in order to be recognized, or continue to be recognized, as a 501(c)(3) tax-exempt entity. Failure to comply can result in a fine of $50,000 for any year the community assessment requirement is not met.[59] Ultimately, a non-profit hospital could lose its tax-exempt status. Second, the Community Assessment must include the following: [60]

1. A description of the community served by the hospital facility and how the community was determined. Generally, the hospital will define its community by geographic location. However, a hospital may also take into account target populations that are served, such as children, women or the aged; or focus on the hospital's principal functions, particular specialty areas or targeted diseases, in defining its community. The community may not be defined in a manner that excludes medically underserved populations, low-income persons, minority groups or those with chronic disease needs.

2. A description of the process and methods used to conduct the assessment, including a description of the sources, dates of the data, other information used in the assessment and analytical methods applied to identify the community's needs.

3. A description of how the hospital organization took into account input from persons who represented the community served by the hospital facility, including a description of how the hospital consulted with these persons (i.e. through meetings, focus groups, interviews, surveys, or written correspondence). The assessment must take into account input from persons who represent the broad interests of the community served by the hospital, including leaders, representatives or members of

[58] Department of the Treasury Internal Revenue Service, "Schedule H."
[59] IRS, "New Requirements for 501(c)(3) Hospitals Under the Affordable Care Act."
[60] Ibid.

medically underserved, low income, and minority populations and populations with chronic disease needs.

4. A prioritized description of the community's health needs identified through the assessment and a description of the process and criteria used to prioritize such needs.

5. A description of the existing health care facilities and other resources within the community that are available to meet the community needs identified through the assessment process.

Third, the implementation strategy requirement requires each hospital to respond to every identified community health need with an "implementation strategy" which either (i) describes how the hospital facility plans to meet the community health need, or (ii) identifies the health need the hospital facility cannot meet and explains why the hospital facility cannot solve the problem. Fourth, after collecting the input, the hospital must make the Community Assessment widely available to the public. The community assessment is robust, demanding, and intentional in redefining how nonprofit hospitals provide community benefit.

990 Schedule H Regulations

Community needs are further accounted for through Schedule H a six-part set of rules, of which two are particularly relevant.[61] Part I covers "financial assistance [to patients] and certain other community benefits" and Part II discusses "community building" activities.[62] These elements are especially important for delineating which communities are within the hospital's realm and proposed implementation and engagement plans that result.

In Part I of Schedule H, community benefits are broadly defined. It includes "community benefit operations" which is defined as "activities associated with community health needs assessments," "community planning and administration," and

[61] Ibid.
[62] Ibid.

fundraising for community benefit programs. Additionally it also includes, "community health improvement services" defined as "activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving community health." The IRS provides the following qualifying list of such activities and programs:[63]

- Made available broadly to the public and serve low-income consumers;
- Reduce geographic, financial, or cultural barriers to accessing health services, and if ceased to exist would result in access problems (for example longer wait times or increased travel distances);
- Address federal, state, or local public health priorities such as eliminating disparities in health care among different populations;
- Leverage or enhance public health department activities such as childhood immunization efforts;
- Otherwise would become the responsibility of government or another tax-exempt organization;
- Advance increased general knowledge through education or research that benefits the public.

To be reported as a community benefit, community need for the activity or program must be established. Community need can be demonstrated through a community health needs assessment, a showing that a request from a public agency or community group was the basis for initiating or continuing the activity or program, or the involvement of unrelated, collaborative tax-exempt or government organizations as partners in the activity or program.

Within Part II, hospitals are required to report specific dollar costs of the organization's "community building" activities that it engaged in during the tax year to protect or improve the community's health or safety and that are not reportable in Part I.[64] The

[63] Ibid.
[64] Some community building activities may also meet the definition of community benefit in which case they are reported in Part I.

hospital must describe in Part IV how its community building activities promote the health of the community. There are eight categories of "community building activities" listed on Schedule H. There is also an all-encompassing "other" line. The eight listed categories are as follows:[65]

1. "*Physical improvements and housing*" can include but are not limited to the provision or rehabilitation of housing for vulnerable populations such as removing building materials that harm the health of residents, neighborhood improvement or revitalization projects; provision of housing for vulnerable patients upon discharge from an inpatient facility, housing for low-income seniors, and the development or maintenance of parks and playgrounds to promote the environment, and transportation.

2. "*Economic development*" can include, but is not limited to, assisting small business development in neighborhoods with vulnerable populations and creating new employment opportunities in areas with high rates of joblessness.

3. "*Community support*" can include, but is not limited to, childcare and mentoring programs for vulnerable populations or neighborhoods, neighborhood support groups, violence prevention programs, and disaster readiness and public health emergency activities.

4. "*Environmental improvements*" include, but are not limited to, activities to address environmental hazards that affect community health, such as alleviation of water or air pollution, and other activities to protect the community from environmental hazards.

5. "*Leadership development and training for community members*" includes, but is not limited to, training in conflict resolution; civic, cultural, or language skills; and medical interpreter skills for community residents.

6. "*Coalition building*" includes, but s not limited to, participation in community coalitions and other collaborative efforts with the community to address health and safety issues.

7. "*Community health improvement advocacy*" includes, but is not limited to, efforts to support policies and programs to safeguard or improve public health, access to health care services, housing, the environment, and transportation.

8. "*Workforce development*" includes, but is not limited to, recruitment of physicians and other health professionals to medical shortage areas or other areas designated as underserved, and collaboration with educational institutions to train and recruit health professionals needed in the community.

[65] IRS, "New Requirements for 501(c)(3) Hospitals Under the Affordable Care Act."

Overall Implications of 990 Regulations

The new 990 regulations, requirements, and definitions create unprecedented conditions for redefining how anchor institutions interact with and benefit the community. As the IRS applies these new rules, residents, neighborhood organizations, socially focused nonprofits, and government will have a renewed opportunity to build the connection between hospitals and the community to actualize a broader vision of health. This results in one central question: How can nonprofit hospitals harness their role as anchor institutions and redefine community benefit through the new federal regulation?

The focus of this Masters Thesis in City Planning will be to answer the questions raised by the new 990 regulations, the growing anchor institution movement, and pursuit of creating community benefit through long-term community and economy development planning. There now exists an incredible opportunity to make nonprofit hospitals more accountable to the public's need to justify the tax-exempt benefits that have allowed them to make record profits. Moreover, there is the potential to create private and public partnerships to further local community and economic development during a time when most urban areas are facing severe economic stress. Together, this can create transformational change. The federal government has created a pathway through the new regulations, and now that there is a way, we must find the will.

# METHODOLOGY

The central question posed by this thesis is as follows: How can nonprofit hospitals harness their role as anchor institutions and redefine community benefits through the new federal regulations? Since the legality of the new ACA 990 regulations has yet to be substantiated, we are at a critical moment in charting the course for how this new legal framework could be leveraged to enhance local economic development and provide vehicles for authentic community development.

Within the field of study pertaining to anchor institutions, there are multiple case studies from which to choose. The Democracy Collaborative, in "The Road Half Travelled: University Engagement at a Crossroads" and "Anchor Institutions, Local Jobs, and Wealth Building" provides an array of well-detailed case studies highlighting the role of educational and medial anchor institutions.[66] Additionally, national nonprofits such as the PolicyLink, University of Pennsylvania, Urban Land Institute, and Brookings have invested growing attention towards anchor institutions within their body of work.[67] Philanthropic partners are also active in providing support towards harnessing the civic potential of anchor institutions. Still, it is a rare opportunity to fully explore one case study with the depth merited to learn best practice.

This thesis explores one case study in specific: University Hospitals' *"UH Difference: Vision 2010."*[68] University Hospitals (UH) is located within Cleveland, Ohio's University Circle, a 1-mile radius "innovation cluster" filled with medical, educational and cultural

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[66] Dubb and Axelroth, *The Road Half Traveled: University Engagement at a Crossroads*.
[67] Victor Rubin at PolicyLink has been specializing in Engaged Institutions since 2000, University of Pennsylvania has an Anchor Institution Toolkit its developed, The Brookings Institutions has a series on Anchor Institutions, and the Urban Land Institute is increasingly specializing and publishing reports on Anchor Institutions. Additional organizations are also working in this growing field.
[68] *"UH Difference: Vision 2010*

institutions.[69] Adjacent to University Circle 43,000 residents live in six adjacent neighborhoods with an average household income below $18,500 and 40 percent of residents living below the Federal poverty line.[70] With the mission "To Heal. To Touch. To Discover" the hospital could not ignore the bordering reality of local residents, especially as they were embarking on a $1.2 billion hospital expansion project. University Hospitals' Chief Executive Officer, Tom Zenty leveraged to hospital expansion to further their connection to the community and launch a new strategic plan to realize a broader vision towards health. As described by UH Vision 2010 leader, and University Hospitals' Chief Administrative Officer Steven Standley, "In this business, these are the people we take care of, regardless of whether they have insurance or not, the fact is, that's why we're here. With no people, there's no need for a health system,"[71] UH executives worked to embrace an inclusive, innovative, and inspiring outcome through UH Vision 2010. UH Vision 2010 set important regional precedent regarding private and public sector collaboration, procurement policies, and project labor agreements as it embarked on the $1.2 billion dollar expansion investment. The intentionally of University Hospitals in conducting a neighborhoods need assessment and efforts to reach "community benefit goals" such as workforce development and community engagement make them a highly relevant case study. An under-recognized and relatively new effort that lasted from 2005 to 2011, it will serve as the main case study undertaken in the thesis.

Information about UH Vision 2010 was gathered through the support of the Cleveland Foundation[72], who facilitated initial information gathering. A weeklong site visit in 2012 allowed for 13 interviews with hospital executives, project implementers, labor

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[69] University Circle.
[70] "Evergreen Cooperative Field Study."
[71] Standley, "Chief Administrative Officer."
[72] Ted Howard & India Pierce Lee were especially helpful in arranging interviews and were integral in early efforts of the Greater University Circle Partnership and UH Vision 2010

representatives, small minority-owned business enterprises (MBEs) and female-owned enterprises (FBEs), legal representatives, private contracting companies, government officials, and other local leaders. While many stakeholders were engaged, local residents were not interviewed. Additional interviews occurred after the site visit bringing the total number of qualitative interviews to 25. In addition to the qualitative data gathered through interviews relevant quantitative data was provided by the stakeholders themselves. University Hospitals & Minority Business Solutions shared reports, planning documents, evaluations, marketing information, and other relevant data as requested. The combination of financial figures, insight into the planning process, and reflections on UH Vision 2010 brought together a robust quantitative and qualitative understanding of how the project was conceived, implemented, tested, and resulted in lessons for economic and community development by an anchor institution.

Project evaluation of UH Vision 2010 was carried out through an analysis of the relationships between stakeholders, investigation of the incentives for public and private cooperation, exploration of the tension points encountered in implementation, and a synthesis of the project participants views of the UH Vision 2010 strengths, challenges, and lessons.

Lessons and recommendations from UH Vision 2010 were linked to 990 implications as they related to specific activities designated in Part II of schedule H. Further exploration of policy possibilities was based on a thorough literature review, conversations with community and economic development leaders, and the creation of typologies for defining how anchor institutions can engage with the new federal regulations to not just receive the benefits of being a nonprofit tax-exempt hospital, but earn those benefits.

# THE CASE STUDY: UH VISION 2010

## The University Hospitals Context

University Hospitals (UH) is a major nonprofit medical center in Cleveland, Ohio. An affiliate hospital of Case Western Reserve University, it is also known as Case Medical Center, which was first established in 1896 and holds a deep historical significance in Cleveland. In the early 19$^{th}$ century, University Hospitals played an instrumental role in the creation of University Circle, a collection of educational, medical, and cultural institutions that have worked together to create a cluster of innovation.[73] University Circle continues to expand and serves as a growing destination for residents, businesses, and developers. UH embarked on a new vision and strategy to increase the services offered and expand geographically in 1993. This effort broadened its focus towards the new goal "to provide comprehensive primary and community-based care – the kind of healthcare people need most – as well as access to the highest quality specialty care when necessary."[74] In essence, not only was the physical footprint of UH expanding, so was their definition of healthcare. UH's mission became more outwardly focused. The mission: "To Heal. To Teach. To Discover."[75] underscores that two-thirds of its activity is invested outside of traditional clinical care. In addition to going beyond a traditional scope of healthcare UH believes they have a responsibility to promote positive change in the community by serving as a model environment for cultural diversity and inclusion.

In 2005, UH was going to embark on another monumental expansion project. The *UH Difference: Vision 2010* complemented five years of construction to build a new cancer hospital, neonatal intensive care unit, center for emergency medicine and a 144-bed

[73] An affiliate hospital of Case Western Reserve University, it is also known as Case Medical Center, which was first established in 1896
[74] University Hospitals, *UH Leading with Diversity: Diversity and Inclusion 2011-2012*.
[75] Ibid.

community facility with a strategic plan to leverage the investment towards regional workforce, economic, and community development.[76] Construction activities created more than 5,200 jobs at the height of construction and generated more than $500 million in wages, salaries, and benefits. Even more significant is the transformative building of social and community capital and creation of a new culture of doing business. Through this highly visible project, UH elevated the possibilities of refined regional procurement.

As of April 2012 the procurement benchmarks set by UH in Vision 2010 became a cultural norm for all construction projects. Local residents and union leaders gathered to protest Cleveland State University's (CSU) Campus Village construction project. "I'm not a happy camper. You bring $50 million to the heart of the city and you don't have any resident employment and no targeted hiring? That's ridiculous, " said Natoya Walker Minor, Mayor Frank Jackson's chief of public affairs.[77] Even though the project received no city funding, and CSU's actions are entirely legal, they were going against a newly established norm. As noted by U.S. Representative Marcia Fudge, "They may not be out of compliance with the letter of the law, but they are certainly out of compliance with the spirit of the law... This is a Cleveland project, and we need Cleveland workers."[78] There is a new culture of practice and Vision 2010 is a part of that story, but how and through whom did it happen?

## The UH Difference: Vision 2010

The basic tenants of Vision 2010 include, but are not limited to, specific expenditure targets, a project labor agreement, and a third-party contractor to monitor the program

[76] Ibid.
[77] Perkins, "Unions Protest Campus Village Project at Cleveland State University, Saying Enough Local Workers and Contractors Aren't Being Hired."
[78] Ibid.

and provide transparency. In order to realize its objectives, UH also instituted internal administrative changes to its traditional business practices to give preference to local residents and vendors, and to ensure that it's "spend" would be leveraged to produce a multiplier effect in the region.[79] The Vision 2010 goal of using regionally-based companies encouraged non-local companies to open offices and to employ Northeast Ohio residents. For example, a non-Ohio company could meet the regionalism goal by opening a Cleveland office and employing Cleveland residents. This portion of Vision 2010 sought to introduce new, hospital-related businesses to the region. Finally, in order to maintain diversity standards following the completion of Vision 2010, UH contributed funds to training programs, which targeted diversity job creation for years after the completion of Vision 2010. Because the model explicitly sought to multiply the effect of the Vision 2010 expenditures through localizing procurement to improve the economy in Northeast Ohio, its impact is anticipated to be long-term and will be felt for years. Specific Vision 2010 expenditure targets included:[80]

- 5 percent of contractors working on Vision 2010 projects were to be female-owned businesses
- 15 percent of contractors were to be minority-owned businesses
- 20 percent of all workers on Vision 2010-related projects were to be residents of the City of Cleveland
- 80 percent of businesses that received contracts were to be locally-based companies

Over the five-year course of the initiative, UH exceeded targets agreed to with the City of Cleveland (e.g., more than 100 minority and female owned businesses were engaged through UH's efforts; more than 90 percent of all businesses that participated in Vision 2010 were locally-based, far exceeding the target).[81] In addition to the expenditure

[79] "Memorandum from Vorys, Sater, Seymour and Pease LLP to Margaret Hewitt."
[80] Howard, "Draft: UH Vision 2010 Consolidation Document."
[81] "Contractors Assistance Program History."

targets, an innovative Project Labor Agreement (PLA) was developed with unions to ensure that UH would meet its diversity goals.

During a press conference on October 2006, Cleveland Mayor Frank G. Jackson with representatives from University Hospitals, the Cleveland Clinic Foundation, and the Cleveland-Cuyahoga County Port Authority each announced their commitment on the following terms:[82]

1) Voluntarily applying the baseline of Fannie Lewis residency employment law standards and City of Cleveland's MBE and FBE goals[83] to their projects;
2) Working within a "training infrastructure" and "contractor assistance infrastructure" to achieve agreed upon impact goals;
3) Adding their financial support to City's technical resource assistance;
4) Increasing their procurement of local suppliers (including not only manufacturers and builders, but technology providers, advertisers and marketers, design professionals, and other service providers) and encouraging their national suppliers to establish branch offices in Cleveland.

Following the press conference a series of negotiations to identify the implementation challenges began in 2007. Throughout the discussions three key entities—the City of Cleveland, UH, and the Cleveland Building & Construction Trades Council (the "Trades Council")—negotiated the terms of a Project Labor Agreement (PLA) through a one-page exhibit entitled "Attachment B," creating a binding agreement between UH and the Trades Council.[84]

In January of 2007, another agreement between Mayor Jackson, John Ryan of Cleveland's AFL-CIO, and Loree Soggs, Executive Secretary of the Cleveland Building

[82] Ibid.
[83] "MBE" stands for Minority Business Enterprise and "FBE" stands for "Female Business Enterprise." Cleveland ordinances set participation goals for these entities on City-funded projects, typically at levels of 15percent for MBE's and 5percent for FBE's.
[84] See Appendix for details of "Attachment B"

and Construction Trades Council was reached by a letter that stipulated terms four major labor terms: [85]

- 20 percent Cleveland resident employment on all private construction projects within the City of Cleveland;
- Recognition by all building trades that the Max Hayes grade 9-12 building trades curriculum be treated as classroom time applied to the hourly apprenticeship requirement;
- Enhanced participation of Max Hayes graduates and other Cleveland residents in the building trades' recently established pre-apprenticeship training program (known as "UCIP-ASAP"); and
- Building trades' consent to packaging of small contracts for small non-union contractors on significant (e.g., over $1 million) union projects in the City of Cleveland.

UH's strong preference was to enter into a PLA with the Trades Council *provided that* the agreement included all terms expressed in Mayor Jackson's January 26, 2007, letter.[86] The PLA was agreed and enacted as part of the Vision 2010.

The terms and condition were the first phase, but it was the actions and incentives of the various stakeholders that propelled Vision 2010 from an innovative idea into improved realities.

## Incentives for Action

$1.2 billion dollars can be quite catalytic. As a routine budget for a hospital expansion, it can also be a vehicle that leverages economic, social, and environmental returns creating a triple bottom line. Financial returns are guaranteed by a strong business plan, social capital is built through community development, and environmental returns are achieved by prioritizing green building and localizing procurement to lessen carbon-

[85] "Contractors Assistance Program History."
[86] Ibid.

emissions.[87] More often, however, these projects are seen in a short-term economic frame by large construction firms and medical facilities niche architects experiencing the most financial benefit. University Hospitals in Cleveland, Ohio did something different. As an institution based in Cleveland for more than 100 years, its economic future was intertwined with the future and livelihood of the City. A focus on both the long-term interests of the community and of the hospital led University Hospitals to take a more collaborative approach with their pending investment.

Being anchored in the community, they are important sources of economic activity, and with the large investment were able to foster mutually beneficial and incentive-driven relationships with public, private, labor and small business stakeholders.

Public Sector: The State, Region, and City

Northeast Ohio as a region, was under economic and social stress throughout the 2000s and ready for a fresh perspective and new investment in the regional economy that could alleviate some of the pressures on low-income communities and communities of color. In 2010, Cleveland had on of the fastest rate of population decline for any major American city except for Detroit and New Orleans (where population loss was heavily exacerbated by Hurricane Katrina).[88] In 2011, the population of Cleveland had dipped to 396,815, its lowest in 100 years.[89] During this population dip, however, Cleveland was still a major job center with a daytime population increasing to 593,000 suggesting that nearly 200,000 employees commute to Cleveland for work.[90] One place within downtown that was able to preserve and slightly increase population was University

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[87] Fitzgerald, *Emerald Cities: Urban Sustainability and Economic Development*.
[88] Exner, "2010 Census Population Numbers Show Cleveland Below 400,000; Northeast Ohio down 2.2 Percen."
[89] Ibid.
[90] Kenyon and Langley, *Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests*.

Circle, a purposeful clustering of educational, medical, and cultural anchor institutions.[91] The ability of these anchor institutions to stabilize a larger geography was imperative for Cleveland to maintain its civic capital. After all, as populations diminish there is decreased federal funding and the potential loss of congressional seats. Retaining population, through workforce development, is important to the personal and political livelihood of local and regional communities.

While declining in absolute numbers, Cleveland's population was also becoming increasingly diverse. Over the years a growing percentage of the city's population has become non-white.[92] An 8 percent increase in the African American population from 2000 to 2010 occurred in Northeast Ohio, alongside a 64 percent increase in the Hispanic population and a two percent decrease in the White population.[93] The Cleveland City Planning Commission notes that there had been an increase in the African American population, but that the "segregation of African-Americans from Hispanics exceeds the average for many large cities."[94] Furthermore, the greatest concentration of poverty is found on the city's east and near west sides, where many of the city's Hispanic and African-American residents live. A 2006 Brookings study found Cleveland to have the second highest Hispanic and African-American poverty rates of the 23 target cities studied.[95] Racial disparities were impeding Cleveland's growth, and a disproportionate amount of low-income communities and communities of color were without jobs.

Mayor Frank Jackson had a clear agenda in increasing workforce opportunities for low-income communities and communities of color. Prior to his election as Mayor in

[91] Ibid.
[92] Ibid.
[93] Census Bureau; socialexplorer.com
[94] http://planning.city.cleveland.oh.us/cwp/pop_trend.php
[95] Ibid.

November 2005, Frank Jackson served 4 years as President of Cleveland City Council. One of his significant achievements during that tenure was Council's passage of the Fannie Lewis Resident Employment Law, which mandated 20 percent employment of Cleveland residents on major City-funded construction projects (with 4 percent of the workers required to be low-income).[96] The City's Fannie Lewis Law was beginning to have an impact, however that Law applied only to public construction projects, and not, as in the case of University Hospitals, to private owners. As a private construction project the nonprofit University Hospitals had increased legislative freedom in pursuing benchmarks for the percentage of local, minority, and female hires. The Fannie May Lewis Law provided an important starting place for setting and establishing University Hospitals' diversity and inclusion goals.

For Mayor Jackson, "he had no ambition to run for reelection," but as a Mayor from Cleveland he wanted his City to benefit from a civic minded private business and the flexibility of implementation they are provided.[97] Partnerships were integral to further political progress and he characterized their partnership with University Hospitals as "a perfect marriage":[98]

> *[Vision 2010] is a perfect marriage. When politics and policy, the substance of policy, let's say, meet you have an ideal world. Where they miss each other, you have to throw away the politics or the substance ... and we have a situation where the politics and the substance of the policy are meeting and it's an ideal world. That's when you get the results. Again, where they're missing each other, politics will always override substance. And if you don't throw it away, you have to sacrifice substance for the politics. And that goes towards who gets contracts, who gets jobs. That to me is a corrupt system because it does not have that ethical, moral backing of what people profess as the purpose for which you're doing stuff. It's a corrupt system...I'm not confused, I know what I'm doing. Now others may be confused about what I'm doing or why I'm doing it but that's their issue. Not mine. I'm not confused. I try to stay on purpose*

[96] "Contractors Assistance Program History."
[97] Jackson, Frank, "Mayor of Cleveland."
[98] Ibid.

As described by Phillip Thompson, in *Double Trouble*, local politics plays an important role in achieving this coordination:[99]

> *To many, mayors are the most familiar elected officials. Unlike federal representatives, mayors often directly coordinate community services like trash removal, policing, and in some cases oversight of public schools...The public does not evaluate mayoral performance in accordance with "objective" or "rational" criteria; rather, its judgment has more do with values than "facts." In addition, mayors' performances, including their credibility and ability to implement agendas, has as much (if not more) to do with local politics as with their political orientation.* [100]

Jackson wanted to leverage the importance of UH as a corporate citizen that could exercise more legal authority in hiring processes. As he explained:[101]

> *The politics of getting there starts off with University Hospital being a great corporate citizen...they came in and they presented to us what this vision was, what it is, what the impact would be in terms of moving jobs to create a new hospital and all this other kind of stuff. So they were going to be moving people around the region and they were indicating to us what impact that would have on Cleveland. What we would lose, what we would gain and all these other kinds of things. And then, they went to another level that I've yet to have a private owner of a project do which was to commit that things would be supportive and actually an example of what I call self-help. Where even in difficult times whenever we spend money in our sales and turn dollars around in our own community more than one or two times but four and five and six times it really results in a job retention and some job growth. And it keeps us stable and creates a more sustainable economy even though the national economy is going through this fluctuation. So they recognize that said that their goal was to spend as much was practical within their own regional footprint that they would voluntarily comply with all of our OEO laws in regards to minority and Clevelanders in terms of employment, procurement activities with local companies and minority companies. And they would use our requirements as a floor, not a ceiling. Now that's unique*[102]

In short, the local and regional public sector was able to gain a willing private partner to invest in creating more jobs and boosting the local economy, plus, an entity with a specific broader set of operational rights that could have greater impact and benefit to the region in terms of development.

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[99] Thompson, *Double Trouble: Black Mayors, Black Communities, and the Call for a Depp Democracy (Transgressing Boundaries)*.
[100] Phillip Thompson in *Double Trouble*
[101] Jackson, Frank, "Mayor of Cleveland."
[102] Jackson interview

From the University Hospitals perspective the City gave Vision 2010 validity, political support, and the potential for greater social and economical impact. As part of a city investment, UH was required to do presentations to the public during city meetings. Those presentations provided transparency and held everyone accountable to meeting the goals of the project. They also provided a vehicle for public and private interests to troubleshoot together. During interviews Steve Standley, Chief Administrator Officer of UH, learned through their needs assessment reports how large the employment barriers were for low-income communities of color, "especially the formerly incarcerated—It's real difficult to employ them in hospital setting, but with construction—now that's one of the few industries that still employ that population"[103] the reach to this population would be distinctive in its importance. Further, he was a strong believer in investing locally, and asking national operations to invest in a regional office as part of their bidding process. In terms of investing locally, as Chief Executive Office of UH Tom Zenty directly pointed out, "Just as we invest in the City, the Mayor has the power to choose the type and place of coverage for all city employees"[104] winning the city's business through building this relations was a nice long term economic incentive for UH. Given what UH spends, they also have a unique power in dictating the terms of contract, millions of dollars serve as a good incentive, but still they worked with the City through a series of meetings to identify and address specific strategic community and economic development policies that could be a part of Vision 2010.

Private Sector: Hospitals, Contractors, and Consultants

With a specific set of goals there was a powerful screen for how University Hospitals chose with whom to do business. Flexibility was a key component for being selected in the bidding process.

[103] Standley, "Chief Administrative Officer."
[104] Zenty, "Chief Executive Officer of University Hospitals."

Gilbane, the leader contracting company, demonstrated the flexibility necessary to support a construction designed to support small businesses by a series of smaller sub-contracts. University Hospitals' realizations of the barriers for SMWBE have required a flexible lead-contracting agency. As expressed by Standley, "I would meet with some small business and I would say: so why can't you get the business. And they would say, well at our level for just the performance bond I have to have $20,000 cash. And they would look at me and go: 'Do you have $20,000 cash?' And I'm like, no I really don't."[105] Liability, bonding, scheduling and retainers were barriers to entry so University Hospital relied on the flexibility of Gilbane to allow University Hospitals to control more of the insurance and institute new protocols. For Gilbane, that flexibility was a profitable and worthwhile investment. Tom Laird, Vice President of Construction at Gilbane, noted that their history in Cleveland at Case Western, with the Art Museum, and Cleveland Schools demonstrated that that they knew how to meet the requirements that had been the expectation up until Vision 2010. He also remarked, "And very clearly, UH took it to a different level. And so we were a partner in those discussions."[106] Gilbane also collaborated to build the capacity for small MBEs and FBEs.

Working with Minority Business Solutions, another instrumental private consultant, they helped create and scale-up many businesses. As described by Tom Laird of Gilabine, "A lot of times these programs, a lot of these contractors come in on bid day and say I commit to 25 percent - no game plan on how they're going to do that: not how they're going to farm the work out to, who they were going to use. So we required on bid day that they come in with a very specific plan with exactly who they were going to use, what the dollar value was, and exactly what firm was going to do it. Then we tracked it

[105] Standley, "Chief Administrative Officer."
[106] Laird, "Senior VP & Regional Manager at GIlbaine Building Company."

and made certain that they met the commitment. And some of them would get into trouble and say – this firm can't do it anymore. Do you have a back-up. And Arlene would help them there."[107] Tom continued, "It wasn't that we went out and met a certain percentage, but the fact that we were able to create sustainable businesses and there's a number of them".[108] Minority Business Solutions' dedication and detail in meeting the project goals and Gilbane's flexibility to meet the demands of Vision 2010 were an important part of incentive for UH in choosing lead private partners for the project.

For Minority Business Solutions (MBS) the contract with UH was a major stepping-stone for increase their organizational capacity. Over the span of five years her organization grew from 3 to 20, but besides the business interest Arlene's role was integral to UH's success. Minority business solution navigated partnerships, monitored progress, led the hiring process and produced consistent results. Their reliability of *connecting the dots* gave Vision 2010 a backbone, with which they could stand tall. "It really was on MBS to kind of do it. It really was just a strange situation. Everything that occurred for me at least in the past, kind of prepared me to be able to address a lot of those issues. But you would be surprised because it was just a new way of thinking that everyone doesn't always just jump on board..."[109] said MBS Executive Director, Arlene Anderson. She was also committed to the long-run standing of these small MBEs and FBEs so that it was not just jobs, but careers that were being built. As a leader of the tripartite meeting she explained their usefulness as follows: "we were able to kind of have discussions about diversity with all parties in the room and I think that helped as well so that everybody heard the same thing. It wasn't anything different. It was

[107] Ibid.
[108] Ibid.
[109] Anderson, "President of Minority Business Solutions."

consistent. The message was consistent".[110] Not only was the message consistent, but committed. The project included a dozen outreach events and leveraged Arlene's connection with the community to build trust. As she described, "We did a host of outreach events just to kind of get people acclimated to the point that I should take this seriously and I should actually submit bids and I should respond and those kinds of things. A lot of growing occurred because a lot of the MBEs and FBEs had to really stand up and do the right thing now. So it was no longer easy for you to just say I'm not getting a chance, I'm not getting a chance – No, you have a chance now what are you going to do?"[111] Arlene held monthly meetings with UH to specifically discussion FBE and MBE diversity requirements, where contractors would report on their efforts. Her due diligence was so exact that a person could only count for one category, for example a business that was owned by a Black female, did not count twice (as both a MBE and a FBE), employers had to pick which category that person would fall under. Arlene applied the same due diligence to the sub contractors as she to the prime contracts, not always a popular choice, but a consistent one. It was Minority Business Solutions consistency that paved the pathway of implementation, and that role was an incentive for taking a risk on a smaller business to meet a great demand.

Private businesses gained important, career-boosting contracts from UH and in turn UH garnered the chance to work with a flexible, dedicated, and passion set of private sector business leaders.

Unionized Construction Labor: The "Trades Council"

Unions are an important political and labor force that was brought into the conversation early through the foresight of Congresswoman Stephanie Tubbs Jones who knew they

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[110] Ibid.
[111] Ibid.

would be an instrumental part of the terms of negotiation. Her prior relationships and dedication to making it work led to what some refer to as the "seven-hour meeting" where Cong. Jones refused to leave the room unless and agreement was reached.[112] A union labor force was important for the region and Cong. Jones dedication to building that partnership was invaluable.

In 2005, Cleveland was booming with construction projects, yet local construction employment numbers were low. Nonlocal companies were drawing disproportionate benefits from Northeast Ohio construction projects. Most construction contracts and procurement contracts were being awarded to companies outside of the region. In turn, the regions construction forces were underemployed. The 2007 recession led to a significant drop in construction activity and pending projects across Northeast Ohio. A seasonally adjusted figure for construction employment in Ohio showed a 15 percent decrease from 2008 to 2009.[113] When University Hospitals first investigated the construction capacity needed for Vision 2010 an early study found that there was not sufficient local capacity to meet the construction demands. In addition to being underemployed, there was a lack of opportunities for small construction companies to grow their specializations. Of the 21,006 construction firms in 2009, 92 percent were small businesses, meaning they had fewer than 20 employees. These small businesses were a critical factor in meeting the demand of UH's new construction and would need financial and educational mechanisms to leverage their skills in order to help grow the regional economy.[114] Construction training programs for Cleveland residents were also lacking. The Cleveland Metropolitan had one facility, Max Hayes High School that was known for its union construction curriculum. At the same time, the Max Hayes apprenticeship program graduates were not connected to 19 construction trades active

[112] Gartland, "Vice President of Government Relations."
[113] "Contractors Assitance Program History."
[114] Ibid.

in Northeast Ohio that could lead to long-term employment opportunities. Enhancing training programs for Cleveland residents and growing local and regional construction capacity to meet the demands of upcoming citywide projects required development that would be best facilitated by union themselves.

Unions hold important certifications and credentials necessary for specialized construction projects. That knowledge capital was important to garner at a time when unionized employees were without job contracts. "It's not easy to tell a long-term union member that we do not have a job for them,"[115] shared Terry Joyce from the Building Trades. This becomes even harder, both legally and organizationally, as specific diversity goals become required. As described by Susan Wood from Cornell University School of Industrial and Labor Relations "Different unions at various times have either welcomed diversity as a matter of principle and moved to build inclusive organizations, or have adopted strategies of exclusionary efforts to control the supply of labor."[116] The history of diversity and unions is complex. Woods also highlights that, "while unionization has been used to enforce bias, the labor movement has also broken barriers and brought diverse people together. Unionization has provided a powerful institutional framework through which diverse communities articulate and negotiate progressive social change." [117] Given the changing demographics of Northeast Ohio, and within construction in particular, the Trades Union was especially poised to foster increased inclusive practices.

Economic and workforce development in construction could not have been accomplished without the participation of Labor. The City of Cleveland, University Hospitals, and the Trades Council worked together to create an agreement to ensure

[115] Joyce, "Building Laborers' Union, Local 310."
[116] Woods, "Unions, People, and Diversity."
[117] Ibid.

union construction and mitigate against labor unrest. Furthermore, Labor represents a critical portion of construction workers. The Bureau of Labor Statistics found that the number of workers belonging to a union in Ohio was 647,000 or 13.4 percent.[118] At its peak in 1989, Ohio's union membership rate was at 21.3 percent.[119] Still, Ohio is one of the Big Seven States (alongside California, New York, Illinois, Pennsylvania, Michigan, and New Jersey) where half of the nation's 14.8 million union members reside. In addition to the 647,000 union members in Ohio, another 59,000 wage and salary workers were represented by a union on their main job or were covered by an employee association or contract while not being union members themselves.[120]

University Hospitals benefited from the expertise and unionized labor force in multiple ways. They provided an important skill set, certification capability, and political sanctity. In turn, the "Trades Union" was able to secure more jobs for their underemployed sector, increase union membership, embrace the growing diversity, within Cleveland, bolster their apprenticeship program and gain considerable contracts.

Small Businesses: Local, Regional, MBEs and FBEs

Small businesses were the central focus of workforce development practices and community development. Through a series of outreach events at community colleges, 150-200 interested community members came to learn about Vision 2010 and their potential role in the project. As Executive Director of MBS Arlene said, " It was the first time I encountered a client actually that was that open to really trying to figure out how to make it minority procurement happen. The executives came to the meetings with the FBE's and MBE's, they really showed up for them."[121] In turn the small businesses took a

[118] United States Department of Labor
[119] Ibid.
[120] Ibid.
[121] Anderson, "President of Minority Business Solutions."

leap of faith with the UH as they built new and long-term relationships with small, not always unionized, business owners.

For small business the opportunity to gain business and develop the skillset of working in hospitals was tremendous for business development. Every person interviewed involved with Vision 2010 spoke of University Hospitals' leadership as surprising and inspiring. Executives showed up to all types of meetings. As Arlene Anderson mentioned, "It meant a lot to the small businesses that an executive from University Hospital was at the meetings listening to them and trying to figure out a way to work things out."[122] For Steve Standley it was just as meaningful of a process, as he puts it, "What really happened is I started meeting with all these people and I started hearing all this horrendous stuff. I will tell you in '04 and '05, I had no idea. I had somewhat of an idea, but I had no idea how really hard it was for these people and their companies to get anywhere."[123] As expressed by Bernard Wiggins, a MBE, "To be a part of a billion dollar project is exciting, to help life the city of Cleveland and its surrounding cities, that's really something."[124] University Hospital elevated small MBEs and FBEs business and even gave them regional recognition through an advertisement in Cleveland's *Plain Dealer Newspaper* listing all of the FBEs and MBEs involved.[125] The ad was an important resume-builder for the small MBEs and FBEs and illustrated University Hospital commitment to supporting regional economic development.

[122] Ibid.
[123] Standley, "Chief Administrative Officer."
[124] Wiggins "MBE"
[125] Standley, "Chief Administrative Officer."

# Program Implementation & Innovation

## Regional and Local Focus

The early decision to harness UH's procurement power was an important step forward in establishing the role anchor institutions can play in regional economic development. The sheer number of jobs created by the expansion and the construction it required would be contribution enough, but the intentional approach taken by UH to ensure that jobs went to local residents distinguished it to select company nationally for its efforts. The 5,200 jobs and $500 million in wages, salaries, and benefits played an important role in Cleveland's modest economic recovery. The multiplier effects for the employment base that was retained and recruited by this project was a major element of the kind of economic participation predicted by the comeback city model. The particular procurement advances made in the arena of MBE/FBE were tremendous contributions that continue to reverberate in the community today. The dedication to improved contracting outcomes for small businesses changed the landscape of local business participation throughout the region. The alliance struck with labor to open pathways to employment for new populations and pathways to business development for smaller enterprises represent a significant community investment that cannot be overstated. The resulting Project Labor Agreement emerged as a national model. The project set new standards for economic and workforce development that could not have been achieved without the participation of an anchor institution. That UH met or exceeded all of its ambitious employment goals speaks to the commitment of the institution and the readiness of the population to benefit.

Project Labor Agreement

Project Labor Agreements have been a fixture in the Cleveland area for the last thirty years.[126] For example, the Cleveland Browns Stadium, Jacobs' Field, and Key Tower have also been governed by project labor agreements between owners and the Building Trades.[127] The PLA for Vision 2010 was distinct. Typically, a PLA addresses labor issues and agreements not to strike in compensation for a commitment to hiring union labor. The PLA between UH and the Cleveland Building Trades went several steps further. [128] First, the role of the City was more pronounced—it was a made a third-party beneficiary and actively took part in negotiating and drafting the PLA. The PLA set diversity and residency goals for the project. The goals had meaning – the unions agreed that UH could utilize non-union labor if the goals were not met. The PLA also sought to develop union contractor mentoring programs, to better develop minority-training programs and to encourage joint ventures between union and non-union contractors.

The Vision 2010 PLA contains the standard union provisions. However, due to the size of the Vision 2010 project and UH's desire to make a lasting and positive change in Northeast Ohio, UH was able to expand the Vision 2010 PLA far outside of the traditional union scope of traditional project labor agreements. As identified by University Hospitals and the City of Cleveland the Vision 2010 PLA greatly expanded the focus of Project Labor Agreements through the following five elements:[129]

1. *The first major change was the manner in which the Vision 2010 PLA was negotiated and ultimately agreed upon.* Unlike other private construction project labor agreements, the negotiation of the Vision 2010 PLA included government representatives in the negotiation of the agreement. The City of Cleveland

[126] "Contractors Assistance Program History."
[127] Ibid.
[128] Ibid.
[129] Ibid.

played a major role in the expansion of the Vision 2010 PLA and Mayor Frank G. Jackson personally attended several negotiating sessions. In addition, Congresswoman Stephanie Tubbs-Jones also attended negotiating sessions and was able to ultimately bring the parties to agreement. City officials assisted in setting goals and determining the appropriate framework for meeting them. Throughout the five-year period of Vision 2010, UH continued to meet regularly with City officials. This government role assisted UH in expanding the impact of the Vision 2010 PLA from not only UH, but to the overall community.

2. *The second major change to the traditional PLA was UH's focus on Northeast Ohio.* The PLA specifically granted UH the right to increase the procurement of local products and services. In addition, although Vision 2010 was not governed by the City of Cleveland's Fannie Lewis Law, but UH agreed to voluntarily comply with the requirements. The Fannie Lewis Law, when applicable, requires a certain percentage of construction employees on the construction project to be residents of the City of Cleveland. The Vision 2010 PLA required union contractors to employ at least 20percent City of Cleveland residents on the Vision 2010 project. This residency requirement was even applicable to Vision 2010 construction projects that were located in Cuyahoga County, but outside of the City of Cleveland.

3. *The third major change is represented by the diversity goals that were agreed upon by UH and the Building Trades.* The Vision 2010 PLA set percentage goals for the utilization of minority and female business enterprises, again voluntarily complying with the City's OEO goals with respect to the hiring of minority and female businesses. In addition, the Building Trades voluntarily agreed to attempt to employ a certain percentage of female and minority construction employees. In order to verify that the parties were using all reasonable efforts to meet the diversity goals, the Vision 2010 PLA explicitly permitted UH to use non-union contractors if the building trade unions could not meet the diversity requirements of the Vision 2010 PLA. This provision alone, which runs directly contrary to the very purpose of a project labor agreement – only union employees on the construction site – was a landmark provision in the Ohio construction industry.

4. *Fourth, the Vision 2010 PLA recognized the creation of joint ventures between a union contractor and a non-union contractor whereby the joint venture entity would become a party to a trade agreement with the appropriate member unions.* This provision encouraged the partnership of union and non-union contractors to become signatories to the appropriate trade agreement enabling participation on the Vision 2010 project.

5. *Finally, in order to reinforce long-term effects, the Vision 2010 PLA required union contractors, local government officials, the building trade unions, and UH to assist in diversity-related programs.* Training programs were funded and the parties sought to expand the diversity in the construction trade unions through the training and hiring of diverse applicants. In addition, the PLA mandated a mentor and joint venture programs, which encouraged the creation of minority and female business enterprises. UH hired a third-party diversity consulting firm, Minority Business Solutions, to closely monitor all of these programs in order to verify that all reasonable efforts were being taken by the parties to meet and reach the community-related goals in the Vision 2010 PLA.

Third Party Monitoring

Another structural/administrative element of success in implementing Vision 2010 was the use of a third party monitory company. In order to verify the goals were met and to provide transparency, UH contracted for the services of Minority Business Solutions (MBS), a private consultancy agency in Cleveland, Ohio.[130] MBS began its work on Vision 2010 in February 2008. This third party monitoring service was tasked to regularly visit the construction job sites. It reviewed certified contractor payroll in order to verify diversity and residency requirements were being satisfied. It mentored newly formed companies; office was space was provided for these companies. Public outreach and informational meetings to encourage female and minority businesses to bid on Vision 2010 projects were held on a regular basis. They outreached to the community and monitored the joint ventures and hiring process. To that end, tripartite meetings

[130] Ibid.

with the unions, University Hospitals, and City representatives occurred monthly. These meetings as described by Margret Hewitt, the chief of construction for University Hospitals during Vision 2010, were instrumental for "averting challenges and confronting issues head on."[131] These meetings also engaged community organizations and became informal places for small businesses to share their specific challenges and gained advice from the larger contractors.

Third party monitoring steered the engagement and evaluation process. Contracting with MBS was an additional cost, not seen in a traditional business model, but still only captured. In many regards this additional cost is nominal. Standley shared:[132]

> *Over 5 years we've spent close to 3 million dollars on pure education outreach, training, certification, job site monitoring, and verification. Consider that over the 866 millions dollar spent throughout the project, then add the fact that we hit all of the metrics and added 110 companies to the mix. To hit this metrics and add 110 companies to the mix. He would have paid that anyway with workforce issues, submissions, etc. we had an integrated monitor—what their diversity/ monitor of Cleveland residents. We would have spent the money anyway on a traditional model, we would have had to step up. You're going to do it anyway, might as well build something.*

Margaret Hewitt, during the Vision 2010 initiative, reflected on the importance of using a third party monitoring service as follows: [133]

> *Once University Hospitals [made] the commitment to the community, they made a commitment to diversity and inclusion. The next step was to make a determination, based on the size of our program, whether or not we should use in house or outside manpower to develop, implement and manage our community outreach/inclusion program. Due to the magnitude of the Vision 2010 Program we decided that it was best to contract with a company that specializes in community engagement. This was a good decision because it added to the team a group of people solely focused on this effort. Every conversation they have is focused on making certain that there is the highest level of community involvement. They don't get distracted by all of the other tasks, issues or concerns that come along with a construction project.*

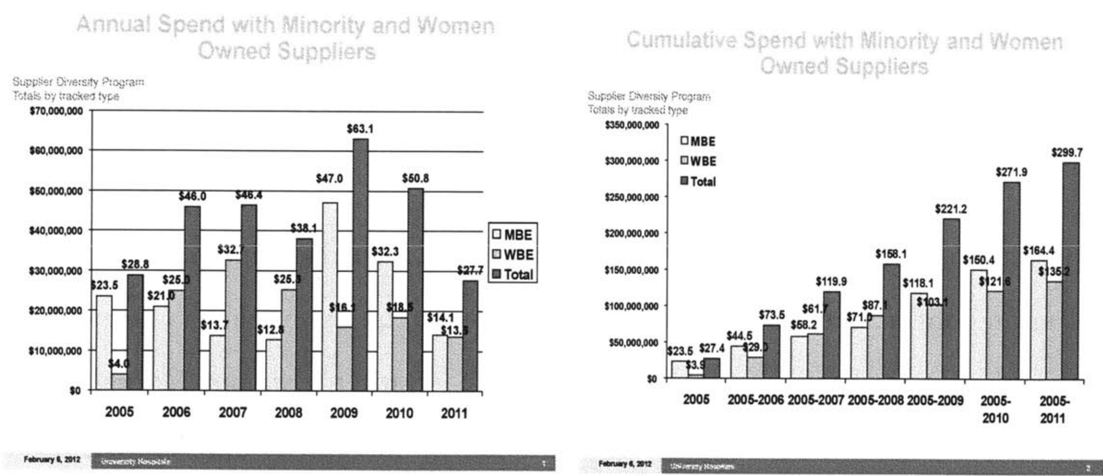
Investing with Minority Business Solutions was a wise business decision given the depth of work and marginal cost. Furthermore MBS has continued to provide a similar role

[131] Hewitt, "President of Hewitt Consulting."
[132] Standley, "Chief Administrative Officer."
[133] Hewitt, "President of Hewitt Consulting."

with other Cleveland construction projects looking to replicate the impact of Vision 2010. The organization proved to be important for furthering inclusive economic development within Northeast Ohio.

## Program Results

Vision 2010 demonstrates what can be achieved when an anchor institution sets serious goals related to diversity, local procurement and conducting itself in a way that demonstrably contributes to the local economy.



*UH: Board Presentation Material, provided by University Hospitals*

By moving beyond rhetoric to design an implementation process built on transparency, binding agreements, innovative processes, and changes to its traditional corporate practices, University Hospitals was able to achieve virtually all of its goals, including:[134]

- Completing Vision 2010 construction projects on a timely basis with the highest level of quality.
- Meeting or exceeding all of the diversity goals with the exception of residency.
- Giving many smaller companies the opportunity to participate in Vision 2010, with more than 100 female- and minority-owned local companies receiving contracts ranging from $2,000 to $27,000,000. To reach its diversity goals,

[134] Howard, "Draft: UH Vision 2010 Consolidation Document."

Vision 2010 bids were broken down into small bid packages. The smaller bid packages provided small companies with invaluable experience that can be taken to other construction projects. These companies now have the experience and training to move to other project in Northeast Ohio.

- Developing a stronger working partnership with the City of Cleveland, which will benefit both the City and University Hospitals in coming years.

- Improving the economy in Northeast Ohio, both through direct benefits – contracts to local companies, wages paid to construction workers, etc. – and through the secondary impact of achieving a multiplier effect in the local economy by targeting its construction expenditures locally.

Combined with the involvement of unions, the impact of Vision 2010 should be felt for years in Northeast Ohio. The Vision 2010 PLA has become the standard for union construction in the Cleveland area. The industry now actively works to reduce barriers to entry into the marketplace for both minority and female construction employees and business owners.

One primary barrier to the marketplace participation is the bonding requirement placed on all union contractors. In the construction industry, union employers do not typically maintain their own health and retirement plans. Rather, through federal labor law, union contractors and the local unions join together to form non-profit organizations, which provide retirement and hospitalization benefits to union employees. The hospitalization plan permits union employees to change employers throughout the construction season without losing benefits. In addition, the benefit framework permits union contractors to reduce fixed costs through temporary lay-offs when construction work is slow. Union contractors pay the union employee a fixed hourly rate for wages and fixed rates in addition to an hourly wage for pension and hospitalization benefits.

Union benefit plans require union contractors to be bonded before beginning union work in order to safeguards an employee's union benefits. Doing so provides for a standing sum of money to pay to the benefit. Unfortunately this practice

disproportionately disadvantages new minority and female-owned business – a reality that numberous UH Vision 2010 leaders observed as they watched FBEs and MBEs struggle to participate in procurement processes. Bonding requirements represent occasionally prohibitive costs for a newly formed business. Union contractors and the local trade unions now focus on this barrier to entry, something that would not have happened without Vision 2010.

The emerging wave of minority and female business enterprises in the Cleveland area represents an additional legacy of Vision 2010. Many union employer associations implemented diversity programs in order to further assist in and nurture these newly formed companies. The local building trades have an active working relationship with minorities and female business enterprises to both grow existing business enterprises, and to cultivate new enterprises. Vision 2010 has permitted the local, state, and federal government to increase the diversity and female spend on government construction projects, greatly increasing these percentages have greatly increased over the past five years.

Finally, the Vision 2010 PLA has served as a template for subsequent project labor agreements statewide. When the template has not been used, local building trade unions and government officials have questioned the motivation of owners and private construction companies. Through UH's communication efforts, government and private officials have realized that project labor agreement permits private owners to lawfully implement diversity goals on construction projects.

Notably, through the use of the project labor agreement, a private owner is able to remedy issues wholly unrelated to the owner's primary business with no tacit incrimination of previous business practices. Specifically, the Vision 2010 PLA sought

to remedy the historically low percentages of minority and females in the local building trade, a trade wholly unrelated to UH's primary business. Accordingly, through the Vision 2010 PLA, UH -- an employer who is widely recognized for its diversity efforts -- lawfully implemented even more progressive diversity goals on the Vision 2010 construction project.

Rather that being an afterthought, diversity goals drive a significant share of union construction in Ohio today. Through the Vision 2010 PLA, building trade unions have a pipeline to sell union construction as a positive to both community residents and to local owners. Diversity and community issues now sit at the forefront of construction projects.

# A CRITICAL ANALYSIS OF THE VISION 2010 CASE STUDY

## A Winning Investment: Lessons Learned Through the UH Experience

### Establishing a Culture of Learning

Without the newly imposed federal regulations, University Hospitals was still asking the question: How can we, as an anchor institution, leverage $1.2 billion construction dollars to redefine community benefit? As soon as they asked the question, the learning began.

Internally, UH executives grappled with the larger scope of work and the impact it could create. This was a new direction for the UH executives, and they picked the project leaders carefully. As Tom Zenty, UH CEO describes it, "You may not know this, but before Vision 2010 Steve Standley had zero construction experience."[135] It was not the experience, but the ability that mattered. Zenty continued to share, "People who I hire are executives first, they exercise strong judgment, intellect, leadership and an executive presence....and Steve was a very creative guy. I just knew he could do it."[136] Standley had the characteristics and desire to do something that would elevate the construction project into a larger economic and community development project. Standley expressed that UH, "is just like a lot of major urban college campuses, we're sitting in this one square mile of beautiful institutions and then there is this wall. On the other side of the wall are some of the poorest neighborhoods in Cleveland, and those are our constituencies, and we were really struggling to connect with them. All we had were the classic, old fashioned diversity methodology and tactics."[137] Vision 2010 required innovation, and was embraced by executives as a learning endeavor to better

[135] Zenty, "Chief Executive Officer of University Hospitals."
[136] Ibid.
[137] Standley, "Chief Administrative Officer."

understanding the construction processes and how to go beyond traditional procurement models.

Not entering the process with pre-determining notions of how to do move forward allowed Standley flexibility while promoting a curious nature across the project that expanded beyond routine solutions. Given his newness to a construction project of this scale, one of the first things Standley did was to research construction need and the local and regional capacity to meet that demand. When he learned that capacity would not meet UH's construction needs, he looked at what it would take to support building that capacity regionally. Through a construction risk analysis, Standley sought to see how the costs and benefits of breaking up a large construction project into a tiered series of smaller contractor projects would weigh out in terms of financial and legal risk. That knowledge was his leverage in seeing how things could work and what it would require from the project partners. At the same time, Standley had to learn the barriers small FBEs and MBEs faced in growing their construction capacity. For example, Standely candidly shared "I didn't know this before, but you know if you are a majority electrical company, they view your bonding capacity based on your company's PNL, not based on your owner's divorce or late credit card. When you get to small companies whether they're African American, Hispanic, female owned, whatever, it's everything about that person's life that is being investigated to see whether they can post the bond."[138] The situation for small businesses, especially FBEs and MBEs, were vastly different from an established large business. Building small business's eligibility to benefit from Vision 2010 required new thinking on how to limit those barriers and the willingness to leverage business relationships to help meet those demands.

[138] Ibid.

Working Through Financial Barriers for Small MBEs and FBEs

A significant amount of learning occurred through dedicated trouble-shooting and financial problem solving for small businesses. Bonding, retainers, and cash flow issues were important sources of co-learning.

From the perspective of developers and owners, bonding is an important form of security. Company's finances, performance history and management capabilities are thoroughly investigated prior to being issued a bond. Once a bond is issued huge financial and legal penalties are the responsibility of the business if they fail to perform. Bonds are issued by a surety organization that evaluates the risk associated with the project, determines a bond rate, requires the contractor to pay the premium, and provides a bond certificate. After the project fulfills obligations the premium is refunded. For a small FBE or MBE the ability to obtain and finance a bond is more than difficult. Standley learned this means a divorce, lack of house ownership, or unsteady cash flow can easily deem a business too risky to bond.[139] At the same time, it was these very businesses Vision 2010 was looking to support to develop. It required multiple conversations with prime contractors, sub-prime contractors, banks, and lawyers to see how the risk could be shared more proportionately. The joint venture structure uniquely lent itself to mitigating the burden of bonding for small FBEs and MBEs. University Hospitals placed largest bonding responsibility on the prime contractor who was required to cover the sub contractor.

For small MBEs and FBEs maintaining access to capital and a steady cash flow to operate was difficult given retention costs. Retention, also known by construction workers as retainage, stipulates an industry standard of 20 percent of all costs within the construction bid to be paid prior to work and held by the project owner until work is

[139] Ibid.

satisfactorily completed. Traditionally, this serves as a way to ensure workmanship and timeliness. However, it became a hurdle in this innovative approach to increasing the capacity of regional MBE and FBE contractors. Coleman share the complexity this presented, "I had a MBE buy $4 million dollars worth of equipment, but with a 20 percent retainage, he had to fill the $800,000 gap in costs with money out of his pocket."[140] That is a significant amount of capital for a small business. University Hospital, Gilabine and Coleman worked to create tiered retainage requirements, and decreased the national standard by half for small MBEs and FBEs sub contractors by stipulating a 10 percent retainage. This brought the equipment cost down to $400,000. MBE owner Bernard Wiggins said, "That was huge. What they did for us with retainage, it was big."[141] Still, requiring bonding and retainers together puts surmountable pressure on the cash flow. Another innovation to ease cash flow was changing the billing cycle. By billing in advance the prime contractor could spread their monies faster to the smaller FBEs and MBES helping them to cover required capital for retainage. Working to find solutions, little changes afforded big results for small FBEs and MBEs.

By examining the intricacies of problem areas to support local business and economic development UH was able to overcome substantial barriers for small FBEs and MBEs. Learning about the obstacles allowed for important innovations, and UH successfully exercised their financial power to alter traditional ways of doing construction contracts and procurement policies. This was a tremendous internal learning that not only helped UH see the power of their procurement dollars, but it also created a valuable community benefit by establishing a new model for how business can be done in northeast Ohio.

[140] Coleman, "President of Colemand Spahn."
[141] Wiggins, "MBE"

The Efficacy of Interdependent Learning

UH's internal learning were an expression of the interdependent lessons they observed based on the insights of their partnerships. By engaging with local businesses and community leaders UH benefited from a holistic understanding of the implementation issues and through those insights could institutionalize more meaningful change.

The level of engagement UH was able to achieve rested on their ability to build trust. When hiring for the vice president of construction UH sought a candidate, "that lived and understood what it was like to be a part of the community and could also relate to what [the hospital] was trying to get done" finding that person was instrumental to "get the trust of the community, " shared Standley.[142] "Then I would go to every meeting, Tom would say 'what are you doing in all of these meetings' and I was really just trying to learn how we could reach our goals."[143] Arlene Anderson, from Minority Business Solutions (MBS) noted, "It meant a lot in our outreach meetings and other meetings that the executives would show up to the community meetings." [144] Margaret Hewitt, Vice President of Construction at UH, stated:[145]

> *[We needed] to go out into the community and let them know that we were serious about their participation. This meant sitting down and talking with them. Interacting with them. Identifying the barriers. Working with others to reduce the barriers. We asked our community to be prepared for the opportunities that we were preparing for them. They prepared and we prepared. This created a win/win situation. Building these relationships, these partnerships with the community starts before the construction contracts are being awarded.*

The engagement process itself built trust. Community partners were not primarily seen as a source of information to be educated or researched, but rather a partner in the process whose valuable insights co-created solutions and innovations. This level of civic engagement provided shared project ownership giving both the process and outcomes

[142] Standley, "Chief Administrative Officer."
[143] Ibid
[144] Anderson, "Minority Business Solutions."
[145] Hewitt, "President of Hewitt Consulting."

increased credibility. Creating this higher level of engagement was a strategic and worthwhile community development effort.

Working with community partners required the strength to work through misconceptions, disagreements, and maintain dedication to the importance of relationship building.

> *Lots of arguments, lots of disagreement, lots of debate And we debate everything we do here. And we debate it behind closed doors. . So it's never taken personally. But by the time the door opens and we all walk out, we're all on the same page. And that includes our community leaders as well. So when we were talking to the mayor, we made it clear what was important to us and what was important to him. And we were able to basically find a lot of intersections there. So, that's our style here and that's my style. We focus on quality, efficiency, transparency and focus.*[146]

It was a dedicated effort on UH's part to stick through negotiations and discussions until a workable solution that all parties could agree to was reached. Building a forum for debate where people can share their apprehensions facilitated a deeper understanding of the various perspectives across stakeholders. For example, a labor union has to balance an array of interests and perspective while embarking on workforce development. A series of legalities coupled with a recession can make hiring selection difficult. "It's not easy to tell a long-term union member that we do not have a job for them," shared Terry Joyce.[147] This becomes even harder, both legally and organizationally, as specific diversity goals become required. Therefore, letters to illustrate that specifically asked for minority and women contractors as part of a contractual agreement were agreed upon as a method to help meet diversity needs while providing the unions with some proof they could share with their members when they did not get the job. Each stakeholder had to balance their own diverse set of considerations, and while civic engagement was not easy, it was worthwhile pursuit towards innovation and collaboration.

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[146] Zenty, "Chief Executive Officer of University Hospitals."
[147] Joyce, "Building Laborers' Union, Local 310."

The Potential of Private and Public Leadership

The strength of the collaboration between and amongst stakeholders expressed through political and personal passions set the foundational leadership necessary to move the projects goals forward. Without the right constellation of people, and their motivations to meet project goals, it is unclear if the heightened level of results would be achieved. Private and public leadership alongside a remarkable set of leadership of women on the forefront was especially relevant for reaching the political and personal potential of Vision 2010.

As shared earlier public and private partnerships were an essential ingredient to success. Private leadership of University Hospitals, Gilbaine, Minority Business Solutions, was determined, consistent, and goal-orientated. Public leadership exhibited by Mayor Frank Jackson, Congresswoman Stephanie Tubb Jones, and Senator Sherrod Brown was committed, forthcoming, collaborative, and inspiring.

Female leadership, especially in high-ranking positions, was a central source of ferocity for reaching project goals. Madison Moore from the Critical Fierceness Studies at Yale remarks, "Fierceness is a way of changing the social dynamics in a room...it's a way minoritized groups—like gay men, women, people of color—have used to express themselves."[148] Multiple times during the interviews people would share what the various meetings were like, "we'd walk into the room and were the only women, the only black women sometimes and then we were in these positions of power, now that wasn't routine." This was an experience shared by many of the female leaders in the project. Warren, Thompson, and Saegart in *The Role of Social Capital in Combating Poverty* demonstrate, "The leading role that women play in building and using social capital in

[148] Rivas, "Meet Madison Moore, Ph.D. Candidate in Critical Fierceness Studies at Yale."

low-income communities" is extraordinary because "These women are all challenging the historical dominance of men as political leaders and community spokespersons. But in another sense they are continuing what has long been women's work: bringing together neighbors and relatives to support each other and to provide for the needs of daily life that are not met through the economic or political system."[149] Congresswoman Tubbs, Arlene Anderson, Theresa Beardsley, Margaret Hewitt, Marybeth Levine, and Heidi Garland were those kind of women. They saw the human side of their work and built social capital, while breaking genderized and racialized barriers. Standley shared, "The people's stories of how Arlene worked with some of these people who were jobless and built careers for them, now that was the most meaningful thing we did."[150] When I asked Arlene how she did it, she said, "It is important to be a passionate, you have to have a drive to get through it all."[151]

When a job is seen as more than a paycheck, when a construction project is seen as more than a physical expansion, and when an institution decides to see the community as an asset and not a liability partners can breed the passions necessary for meaningful change through transformative public and private partnerships.

The Multiplier Effect

Augmented investment in the community parallels increased gains for the hospital. As described by Standley, "The impact is huge. Every dollar we spend with a local firm gets spent again and again in Cleveland."[152] Another word for this concept is "making the dollar bounce" as used by Mayor Frank Jackson in his description of why Vision 2010 was vital for the local economy:[153]

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[149] Warren, Thompson, and Saegert, "The Role of Social Capital in Combating Poverty."
[150] Standley, "Chief Administrative Officer."
[151] Anderson, "President of Minority Business Solutions."
[152] Steve Standley interview
[153] Jackson, Frank, "Mayor of Cleveland."

*Where even in difficult times whenever we spend money in our sales and turn dollars around in our own community more than one or two times but four and five and six times it really results in a job retention and some job growth. That's making a dollar bounce. And it keeps us stable and creates a more sustainable economy even though the national economy is going through this fluctuation.*

Vision 2010 Construction activities created more than 5,200 jobs at the height of construction and generated more than $500 million in wages, salaries, and benefits.[154] This growth in local economic activity is emblematic of the multiplier effect. As procurement dollars become increasingly locally or regionally focused, they in turn support place-based business development whose employees give back to the economy and collectively growing the local and regional economy.

University Hospital benefits from Vision 2010 local investments produced a stronger connection to the community, which in turn, increased their regional market share and donor base. While market share information is not fully realized for Vision 2010 since it is still too early to realize the full impact of the new facilities, UH did gain market share based on information from The Center for Health Affairs UH market share (based on patient discharges) is up by 6 percent.[155] By comparison, UH's largest competitor's market share dropped by 4 percent.[156] Total market share of hospitals reporting to Center for Health Affairs is down an average of less than 1 percent on average (0.4 percent).[157] The Center for Health Affairs data is geographically limited to northeast Ohio, therefore calculations do not include international patients. Nonetheless, the gains in regional market share are important to note and they continue to rise.

Given that the scope of Vision 2010 went beyond business profits, their efforts within economic and community development garnered the attention of a larger community, donors included. Mary Beth Levine remarked, "The numbers of donors has

[154] Howard, "Draft: UH Vision 2010 Consolidation Document."
[155] Levine, "Associate General Counsel, UH Management Services Center."
[156] Ibid
[157] Ibid.

tremendously increased during and after Vision 2010."[158] While not the main goal, public relations were an easy and instrumental benefit. Awards have also been steadily increasing, making UH even more attractive as a philanthropic investment. The role of UH as an active anchor institution, and the social value that produces has been so fundamental to their evolving approach that it has shifted their business model. While total operating revenue rose from $2.0 billion in 2010 to $2.2 billion in 2011, operating income fell from $88 million to $46 million while financial investment towards community benefit rose from $244 million to $270 million.[159] Community benefits are a rising focal point for UH.

Creating Momentum: If You Build It, You Keep Building

UH catalyzed a new culture of business, partnership, leadership and local economic and community development priorities within northeast Ohio. What they built did not stop at the construction of the five new facilities, and their body of work in civic engagement and economic development continues to grow. According to Standley, overall investments grew from millions to hundreds of millions, and he is proud of each extra dollar spent.

University Hospitals is invested in growing their economic inclusion efforts through procurement policies. Procurement is viewed "as a mechanism to set an overall goal to increase monies spent locally and grow procurement power".[160] Specifically this means working to support buy local businesses in developing a local database of local and regional supply chain companies, attracting supply chain businesses to build a health tech corridor, and the creation of a new pipeline of cooperatives to grow community wealth generation. UH's community wealth generation efforts are worthy of note, for

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[158] Ibid.
[159] University Hospitals, *UH Leading with Diversity: Diversity and Inclusion 2011-2012*.
[160] Standley, "Chief Administrative Officer."

both their impact and innovation in creating vehicles to not just provide jobs, but careers. For example, UH provided $1 million in seed money to start Evergreen Cooperatives, a nationally recognized cooperative model where workers, the majority of whom are low-income and people of color, have an ownership stake in the business.[161] In this model, profits are shared equally and each employee has a voice in the company's decision-making process. Evergreen is built on guaranteed contracts from the hospitals within University Hospitals who agreed to shift their laundering needs to support local business development. As current Evergreen Board Chair and University Hospitals Chief Financial Officer, Steve Standley shared, "Without Vision 2010 we wouldn't have even been involved in Evergreen. Vision 2010 really started it all."[162] Evergreen has also spurred the creation of two additional worker-owned business models: Ohio Solar and Green City Growers. University Hospitals is interested in continuing to grow worker owned–cooperatives based on procurement. Additionally, cooperatively owned enterprises have the ability to employ those with the greatest barriers to employment, the formerly incarcerated. The 2012 annual UH report entitled *"Going Further"* clearly states UH's interest in "leading one of the largest 'buy local' campaigns in the nation, and the Greater Cleveland community is the beneficiary."[163] University Hospital has worked to funnel a significant portion of its $585 million procurement dollars in goods and serves, ultimately resulting in the share of UH procurement dollars going to local business to increase by more than 50 percent between 2006 and 2011.

For UH economic development is inextricably linked to workforce development and education as a means to fulfill local hiring capacity. By 2015, 1,900 direct jobs and 2,400 secondary jobs (a total of 4,300) are projected to be a direct result of Vision 2010. UH also knows this will not reach the scale of jobs that are needed regionally. They are part

[161] "Evergreen Cooperative Field Study."
[162] Standley, "Chief Administrative Officer."
[163] The 2012 annual UH report entitled *"Going Further"*

of a multi-anchor workforce agenda aligned with higher education, are are creating policies and programming to increase access for local residents wanting to work with University Circle. They have provided financial support to two growing mentoring and job training programs, whose need was especially realized during UH Vision 2010. New Bridge is funded by the Cleveland Foundation, University Hospitals, Key Bank and the Kelvin and Eleanor Smith Foundation to provide 100-percent free "edu—tainment" an interactive, trusting, skill-building approach for developing needed skills to support careers in healthcare, music, ceramics, and digital art for at risk youth. The hope is these kids will be able to go to college and or provide capacity for local hiring needs within the medical and media fields. Another example is Ace Mentorship program, a Gilabine Construction Company program. Since its inception three years ago, the 15-week ACE Mentor Program of Cleveland has offered mentor programs for 75 high school juniors and seniors from the John Hay School of Architecture & Design and James Ford Rhodes High School. The chapter has grown to include 30 local companies whose employees volunteer their time to work with students on a variety of mentoring activities: tours of construction sites, visiting various mentor company offices, and hands-on projects such as preparing mock contractor bids and developing 3D models of building concepts. The approach invests in at-risk youth to build their skills and opportunities to contribute to Cleveland, making University Circle's growing economy a longer-term and essential investment in workforce development. The potential for this workforce to then become one of the worker-ownership models, such as, Evergreen Cooperatives also increases.

Equitable development is also a growing area of focus for UH. As part of the Greater University Circle Initiative, UH is continuing to build multi-institutional collaboration on transportation, housing, education and economic inclusion. They are also investing in upcoming development and infrastructure projects, such as the mixed-use transit-orientated developments in Uptown, Upper Chester, and St. Luke's. In addition, they

are working on transit project to reconnect the neighborhoods to University Circle. These transportation efforts are important planning efforts to increase access and connection to the community. Housing incentives that offer employees financing incentives to live in University Circle and the surrounding neighborhoods are also being pursued. This effort to create a more mixed-income neighborhood may be a double-edged sword. While increasing wealth in the community, its growing economy could grow too fast or steep and price out the very lower-income residents that have been working to better support. The threat of gentrification is real and at the least requires additional policy aimed at preserving affordability. Other methods for furthering equitable development, where equal access to opportunity is afforded to all people regardless of where one lives, leaves many questions for the future success of UH's local and regional focus.

Equitable development and the promise it holds for low-income communities and communities of color will not come easy, no one-off project can combat the systemic issues of disenfranchisement, but a thoughtful holistic approach can provide some hope. Vision 2010 was an important beginning to the broadening vision and protection for what that hope could engender. This potential, is best described by Standley:[164]

> *By UH carrying out Vision 2010 as we did, we hope we have helped set an example for others in the market to approach large construction in this way and to think about the way they are buying goods and services to run their businesses. Vision 2010 already has created a lot of transparency around these questions with other industry leaders. Was it perfect? No. Could we have done more? Yes. But at least we did it.*

Preserving Accessibility While Growing

The economic development UH is accomplishing and growing through local hiring, collaboration and community engagement is an important step for growing the local and regional economy, but with that growth comes increased challenges to equitable

[164] Standley, "Chief Administrative Officer."

development. Equitable development, put simply, is a set of principle, policies, practices, and strategies that explicitly aim to utilize new investment in low-income communities and communities of color to provide more direct benefit to residents of those communities.[165] This framework largely encapsulates UHs early efforts, but the more successful they become in a growing economy increases the gentrification trend of rising house prices, increased job competition, and a changing community, pushing low-income communities out of enjoying the increased opportunities they helped build in their community. As described by PolicyLink CEO Angela Glover Blackwell, who helped popularize equitable development nationally, there is now an increasing need for a new growth model, "Over the past several decades, economic growth has slowed, racial and income inequality has spiked, and the middle class has withered. America needs a new strategy to bring about robust growth that is widely shared by all who live within its borders should be centered around equity." An important addition to this is that not only must we increase access to opportunity, but work to preserve the benefits that access creates. An important part of preserving those opportunities is through ownership models, which provide increased control and profit as the economy grows, enabling residents to more directly benefit from the economic growth. Perhaps this is why, in the growing work of UH, Standley shared, " We have Evergreen, and now Ohio Solar and Green City Growers, we could have hundreds of those types of business." Cooperatively owned housing, community land trusts, and other models of ownership could truly further UH's ability to support pathways to continued success for low-income communities and communities of color. The potential for these programs alongside traditional transit-oriented development and mixed-use planning could be even more transformation that Vision 2010.

Staying Ahead of the ACA 990 Regulation Curve

[165] Blackwell, Kwoh, and Pastor, *Uncommon Common Ground: Race and America's Future*.

Through Vision 2010, UH began harnessing the power of procurement towards community and economic development and is ahead of the curve in the new ACA 990 reporting requirements. The activities and intent of the project easily fulfilled several requirements. Coalition building was fulfilled through the multi-institutional partnerships the institution built, and examples of the economic and community development efforts UH has accomplished has been demonstrated throughout this paper. With a new federal incentive, their work is ahead of the curve and has the opportunity to deepen impact in the coming years, given UH's expanded view of what is possible. From housing to hospital construction, there is much that can be done to create sustainable wealth generation strategies for residents, who in turn, will have more of an opportunity to build increasingly safe, vibrant, and healthy communities.

## Capturing the Opportunity

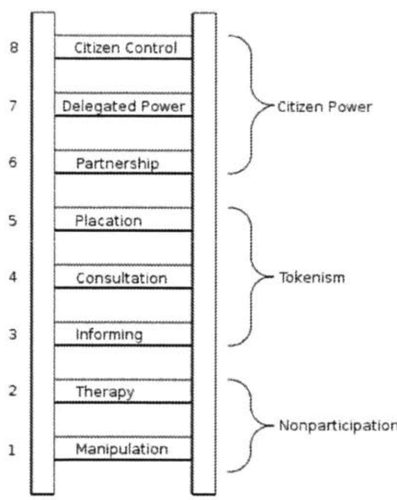
The chase to realize the potential of nonprofit hospitals to plan, prove, and earn their public benefits though the perspective of community benefits is democratically pleasing. After all, it can be argued that the democratic fiber of the United States is steeped in a focus towards community building. As described by John Dewey:

> *The idea of democracy is a wider and fuller idea than can be exemplified in the state even at its best. To be realized, it must affect all modes of human association, the family, the school, industry, and religion. And even as far as political arrangements are concerned, governmental institutions are but a mechanism for securing to an idea channels of effective operation...Regarded as an idea, democracy is not an alternative to other principle of associated life. It is the idea of community itself.*

Engaging communities is a necessary condition for community building. It is a vehicle for building perspective, sharing knowledge and co-creating value through relationships.

These connections between people are the fuel for the larger changes. For example, in the development of Market Creek Plaza leaders consciously began their efforts by hiring a community organizer. Roque Barrios describes that his early organizing efforts were,

"Easy, when you ask them, 'What do you want to do with those 20 acres across the street?' They have an immediate stake and a voice that matters." It is a daily dose of democracy, built upon authentic civic engagement. Authentic civic engagement demands a realization that its definition exists within a spectrum of intensity. A powerful model for visualizing the spectrum of community engagement is Sherry Arnstein's Ladder of Participation drawn from the 60s but retaining its relevance today. It is only through partnership, delegated power and citizen control that higher levels of civic engagement can be reached. If those levels are not reached, however, it is hard to define the lasting community impact beyond placation.




In addition to prioritizing types of civic engagement, there is a strong democratic and economic argument for creating sustainable wealth solution for low-income communities and communities of color. Blackwell argues that, "Equity is the superior growth model" and asserts, "It's an economic necessity for the United States" or as explained by Neal Pierce of the Washington Post, "Historically excluded people of color—Hispanics, blacks and Asians—are rising fast in numbers, on a track to be a majority of the U.S. population by 2042.[166] The clear conclusion: If the majority is faltering, the nation as a whole will be on a perilous downward slope" Blackwell also

[166] Pierce, "Can an Equity Agenda Spark Economic Growth?".

notes that "high numbers of jobless and disconnected minority youth threaten instability—for themselves, their families, and societies. Their risk is lifelong poverty, with real danger of ending up in the criminal justice system, possibly in $50,000-a-year prison cells, is disturbingly high".[167] Working to shift these detrimental outcomes requires a renewed focus and investment in advancing access to opportunities for low-income communities and communities of color. Or as Nathaniel Smith of Emory University puts it, "Equity is love in action. Its agenda is inclusive and powerful."

One way to imagine the influence of an equity and community centered approach is illustrated in the *"Matrix of Opportunity."* The Matrix of Opportunity illustrates how the specific requirements and activities can be enhanced through innovative community centered approaches. Examples, that demonstrate place-based models of success and toolkits to develop similar practices are linked within the report, since going into that more complete discussion is not the primary focus of this thesis.

[167] Ibid.

***Table 1: Matrix of Opportunity***

| Community Building Activities (Schedule H) | Sample of IRS Described Fulfilling Activities | Innovative Community Centered Approaches |
|---|---|---|
| Physical Improvements | Housing rehab, community revitalization, affordable housing, development and maintenance of green space, transportation improvements. | Community cleanup crews, urban agriculture, and community art projects.<br><br>Examples: Market Creek & Writerz Blok<br>Toolkits: Affordable Housing & Land Use and Environment |
| Economic Development | Small business development and the creation of new job opportunities. | Community Wealth Generation (CWG) models based on pooling procurement power with other local anchor institutions.<br><br>Examples: Mondragon & Evergreen<br>Toolkit: Community Wealth Building & Economic Opportunity Tools |
| Community Support | Childcare, mentoring, violence prevention, support groups, disaster readiness, public health, and emergency services. | Community transformation efforts that address structural disenfranchisement while promoting leadership and bottom-up community development.<br><br>Example: Youth Uprising<br>Tools: Guidance for Culturally Diverse Disaster Preparedness & Recommendation from California's Emergency Preparedness Efforts. |
| Environmental Improvements | Water preservation, air pollution reduction efforts, and other activities that protect the community from environmental hazards. | Work with community organizers to identify environmental hazards and build collaborations to support reduction of those hazards.<br><br>Example: Emerald Cities Collaborative<br>Toolkit: Health, Equity, and Place |
| Leadership Development | Conflict resolution development, civic, cultural, or language skills, and medical interpreter skills for community residents. | Use mobile technology as a platform to build bridges and community through non-English languages. Provide opportunities for bilingual employees to share or build their linguistic skills for translating.<br><br>Example: VozMob<br>Toolkits: National Health Equity Coalition & APHA Health Reform Advocacy Toolkit |
| Coalition Building | Participation in community coalitions and other collaborative efforts to address health and safety issues. | Employ regionally based community organizer(s) to organize residents and other stakeholders.<br><br>Example: Greater University Circle Initiative<br>Toolkits: Childrens National & Community Care Transitions Toolkit |
| Community Health Improvement Advocacy | Improve access to health care and general public health with regards to housing, the environment, and transportation. | Work with community members and groups to enact health impact assessment as a tool for health improvement advocacy.<br><br>Example: Community based health impact assessments (Richmond, CA) & Youth Uprising<br>Toolkit: Human Partners Health Impact |

# RECOMMENDATIONS

In response to the central research question of this thesis "How can nonprofit hospitals harness their role as anchor institutions and redefine community benefits through the new federal regulations?" four clear recommendations emerge. First, asset mapping should complement a thorough needs assessment that drives products and process. Second, community organizing should be a valued role reflected in implementation design. Third, coalition building—within and outside of the nonprofit hospital cohort—serves a vital approach for harnessing the potential of fostering local and regional community economic development. Forth, given the vagueness of existing accountability measures, community based organizations (CBOs) and other intermediaries will play a significant role in ensuring the promise of nonprofit hospitals not just *receiving*—but *earning* their tax-exempt status will be actualized. A more in-depth discussion of these recommendations follows.

## Incorporate Asset Mapping into Community Needs Assessments

A needs assessment is only one part of identifying how to address a more balanced give-and-take between community and nonprofit hospital benefits. Before the implementation plan is put together, an asset map detailing community strengths should be an integrated as part of the strategic planning process. Advancing a needs-based approach assumes they are no strengths within the community and overlooks leadership and business potential from within.

An asset map provides a more complete picture by showcasing multiple indicators of community strength. People, physical structures, natural resources, institutions, businesses and organization could be potential assets. For example, a barbershop that

has been in the neighborhood for generations where people routinely meet and discuss community issues could serve as an informal gathering and civic space that is worth protecting. Churches, afterschool programs, and informal lending systems are other examples of community assets that once acknowledged could be leveraged. The Asset Based Community Development (ABCD) Institute at Northwestern University has an established set of practices to "build on the skills of local residents, the power of local associations, and the supportive functions of local institutions, asset-based community development draws upon existing community strengths to build stronger, more sustainable communities for the future". [168]An assets based approach is in keeping with the principles of civic engagement practices to elicit active participation and empowerment (and the prevention of disempowerment and displacement) as a central approach to community and economic development.

Evaluating assets is central to an effective needs assessment. Identifying assets provides a more precise understanding of community needs and potential as nonprofit hospitals work to identify the community they serve and the strategies to improve their outcomes. The target community could be children, women, neighboring residents, formerly incarcerated populations, or the elderly, but as dictated by regulations cannot exclude "medically underserved populations, low-income persons, minority groups or those with chronic disease needs." Furthermore, several aspects of the requirements hint to the importance of an understanding of community assets. The following table illustrates how needs assessments are directly enhanced through a tandem asset based approach assessment to produce a fuller community assessment.

[168] http://www.abcdinstitute.org/

### *Table 2: In Need of Assets*

| Needs Assessment Requirement | Asset Based Enhancement |
|---|---|
| Definition of community by geographic location. | Historic, cultural, and socio-economic trends within the designated geographic area. |
| Fact-finding process, methods, sources, and a list of the analytical methods for identifying the community's needs. | Qualitative and quantitative accounting of the physical, institutional, business, environmental, and personal community assets. |
| A description of how the community served was engaged in the process and an accounting of the methods (focus groups, surveys, interviews, etc.) | Seek local leaders help in leading these processes and create community events that provide an opportunity for residents to interact with people from the hospital. |
| Prioritized description of the community's health needs identified through the assessment and a description of the process and criteria used for prioritization. | List of organizational capacity within the community that could be leveraged to better meet health needs. |
| A description of the existing health care facilities and other resources within the community that is available to meet community needs. | A list of the informal resources or methods to meet community needs (for example voluntary childcare systems or support groups) that can be integrated into solutions. |

## Value Community Organizing

Meeting the demands of the new 990 requirements demands the specialized skill-set of a community organizer. Community organizing is a large, complex and growing field, but in its most simple form can be defined as "a process where people who live in proximity to each other or share a common thread come together to act in their collective shared interest."[169] Throughout time and across disciplines transformative change has been birthed through the wisdom of organizing.[170] Community organizers are a vital part of the human resources needed to illustrate how nonprofit hospitals are earning their tax-exempt benefits.

Charting community assets is a complex endeavor. The depth of the endeavor takes time; in the case of Market Creek community organizer Roque Barrios took two years

[169] Bobo, *Organizing for Social Change.*
[170] Authors Alperoqitz, Gitell, Thompson, Warren, Williams, Ganz, Alinsky, Martin Luther King Jr., and many others write and symbolize the importance of community organizing for transformative change.

to build trust and define capacity assets and issues. The time to organize well should be valued financially and programmatically. Economist Amrita Sen describes that each person has a unique set of economic capabilities, he highlights that development is the process of expanding the substantive freedoms of individuals.[171] He suggests that these freedoms involve "the processes that allow freedom of actions and decisions" as well as "the actual opportunities that people have."[172] He identifies at least five types of personal capabilities, such as economic and personal capabilities, that are worthy of assessment. He also suggests that poverty is the process of capability deprivation, which extends beyond the income of the person and is relative to the country in which one lives.[173] The theoretical underpinnings that guide community organizing require a phenomenal individual who can navigate complex political dynamics, maintain credibility across a spectrum of interests, and relate to residents and executives alike.

Hiring a community organizer from the community, or one who shares common experiences with the community, will fulfill an important human resource need. Without someone taking the time to spend analyzing and working with community members an accurate community assessment will not be achieved.

## Leverage Efforts Through Coalition Building

### Anchor Institutions Do Not Have to Act Alone

There is a growing national, regional, and local effort to increase the potential of anchor institutions to increase their community and economic impact within their locales.

At the federal level, government collaborations are significant in their ability to share information and highlight the significance of new national policies. As of 2009, the U.S.

[171] Sen, *Development as Freedom*.
[172] Ibid.
[173] Ibid.

Department of Housing and Urban Development (HUD) created a task force to understand the role "eds and meds" play in improving communities and helping to solve significant urban problems. Guided by the core values of collaboration and partnership, equity and social justice, democracy and democratic practice, and commitment to place and community a series of reports have been issued to advance knowledge so "to help create and advance democratic, mutually-beneficial anchor institution-community partnerships."[174] The task Force aims to bring together leaders to increase cooperation and alignment, while providing tools and strategies. Currently, the Task Force partners with the White House Office of Urban Affairs, Corporation for National and Community Service, National Science Foundation, National Institutes of Health, Departments of Education, Agriculture, HUD, as well as, Communality Outreach Partnership Centers, the Office of University Partnership, and other Federal agencies. This federal task force could strengthen its collaboration by also working with the Internal Revenue Service as they enact these new reporting and accountability measures. Integrating the implication of these new requirements could help increase the visibility and importance of nonprofit hospitals taking on more active anchor institution roles.

Anchor institutions can work collectively to tackle larger issues. For example, the Twin Cities is leveraging a transportation project to create "Corridors of Opportunity" through what they label the "three P's of Placemaking, Personnel, and Procurement."[175] Anchor institutions are an essential aspect of collaboration given the presence of nine medical facilities and seven college campuses which together account for 67,00 jobs and 111,500 students who have a direct connection and investment in the Twin Cities.[176] The effort in Twin Cities nicely matches the opportunity and requirement for nonprofit hospitals to outline efforts in coalition building, environmental, and physical condition

[174] Harkavy and Zuckerman, "Eds and Meds."
[175] Ibid.
[176] Ibid

improvements. Much like the Greater University Circle Collaborative in Cleveland, Ohio clusters of anchor institutions have successfully worked together to create economic and social cache. Building coalitions among anchor institutions is one way to think about the potential power of coalitions.

Public and Private Partnerships

Regional and local multi-institutional collaborations can bridge knowledge gaps and provide holistic innovations. As described by Mayor Frank Jackson, "Obstacles exist in the same spot. We just have become schizophrenic in our culture of defining things in a compartmentalized way." Issues of health are not confined to hospitals, they relate to public health and the level of environmental damage, access to healthy foods, job opportunities that enable healthier habits, and knowledge through education. It is hard to separate the origins of a problem, and the solutions should be equally all encompassing. As described by Doug Domenech, Secretary of Natural Resources of the Commonwealth of Virginia:

> *Public private partnerships are an important option that can be utilized in times of economic uncertainty and in periods of prosperity. There is a nexus between the public sector's needs and the private sector's goals. Local and state governments, particularly in today's challenging economic times, need to find innovative ways to improve infrastructure that makes sense to the taxpayer."* [177]

From the local to federal perspective the relevance of public and private partnership is hard to ignore.

Public and private partnerships are an old, but accelerating phenomena. For more than 300 years, they have been used for infrastructure development and job creation. The earliest account in 1654, involved a private company building and operating a bridge in Massachusetts, where the company bore full costs and risks of the project, whose costs

[177] http://www.ncppp.org/

were recouped through toll collection. In the context of anchor institutions, public and private partnerships can take on expansive roles. Nonprofit hospitals, educational, and cultural institutions can forge financially smart joint ventures with government entities. As described by Urban Land Institute, "Public investments are assuming some of the risks of the deal for two reasons: first, to alleviate the perception that the market will not support the cost of the development without subsidy, and second, to realize some clear public benefits from the investment as defined by the public agency, such as increased tax revenue, more jobs, blight removal, or additional public space"[178] Those incentives closely match the goals of anchor institutions who "As entities consuming sizable amounts of land, they have an important presence in cities and their neighborhoods" and are "rooted to a specific place and their identity is tied to the city or community."[179] Cities with a strong university and medical research presence—including the California cities—have generally done better in this recession. "Regions such as Austin, Boston, Denver, Pittsburgh, Seattle, and the Research Triangle have tracked lower unemployment rates than the national average"[180]. There is a mutually beneficial relationship produced by anchor institutions partnering with government.

Cross-Sectional Coalitions

The breadth of coalitions should be both horizontal and vertical. In other words, corporate or high level officials and middle management would be well-served to include a more diverse set of internal actors. Within hospitals this could be doctors and patients themselves or students and administrator within universities. For example, during the construction of the NICU as part of Vision 2010 doctors and nurses were engaged in the design process so that the space accounted for all the details only a worker with the daily experience could point towards. Engaging stakeholders at multiple levels can

[178] Penn Institute for Urban Research, *Anchor Institutions and Their Role in Metropolitan Change*.
[179] Harkavy and Zuckerman, "Eds and Meds."
[180] Ibid.

spread the message that an anchor institution are embracing their role in revitalizing local economic and community development more efficiently.

## Accountability Measures

### Federal Regulation Enforcement

With any new law, the proof of its impact rests in how detailed regulations are developed and implemented. At this point, the depth and intensity of the enforcement of the new 990 regulations is unclear. How literally will they be imposed? With what frequency will conditions identified in the ACA be reviewed for a given institution? And what standard will be applied in evaluating the criteria? While the fines for non-compliance are clear and the threat of revoking nonprofit status is daunting, the structure to support that level of enforcement is unknown. At the same time, sufficient enforcement breeds compliance, assigning a significant role for the IRS in prosecuting failures to comply. Given the potential impact that could result from these provisions, the federal government has a responsibility to vigorously institute compliance if the goal is to achieve systemic improvements in the health care system that extend beyond medical treatment.

### Community Stakeholders

If anything, the Vision 2010 case study demonstrated the tremendous diversity of community stakeholders within and across public and private sectors needed to complete a successful initiative, including labor, neighborhood-based organizations, local government, urban coalitions, and private contractors. Each played a special role in advocating for compliance. Contractors can bring a commitment to new ways of doing business. Elected officials can demonstrate the forward vision needed to make difficult political decisions. Labor can leverage its institutional position to open access to critical training and career pathways for new workers. Acting as informal watchdogs,

community coalitions can be a major source for planning, implementation, and neighborhood-based accountability measures. Collectively, the various participants in the process will have to promote and engage these new policies and bring the energy necessary to hold themselves and the given anchor institution accountable.

### Hospitals' Missions

Ultimately anchor institutions such as University Hospital have to demonstrate the willingness to innovate that makes any of this work possible. It is squarely within the missions of nonprofit hospitals to not only be "charitable organization" but to exist within and for the benefit of communities. That focus, and their institutional importance as an anchor institution serves not only local concerns, but is in the direct long-term self interest of these institutions. Bolstered by evidence from best practice such as Vision 2010, the awareness of this reality by medical institutions nationally is on the rise. Nonprofit hospitals, and their missions, are at a crossroads—who they serve, who they benefit, and how they rationalize those choices will be more public than ever. The choices that they make will set the agenda for community health and economic development in cities across the United States

## Conclusion

While this case study provides significant detail regarding the elements that contributed to the success of University Hospital, subsequent scholarship could strengthen this field of practice by investigating similar efforts that have had more limited success to determine what barriers most typically diminish such community-focused efforts. Findings from such research will benefit the generation of intermediaries now emerging who work to advance progressive anchor institution community-building initiatives.

# CONCLUSION

Within the evolution of large businesses' relationship to society, Porter and Kramer provide important inroads for expanding the connection between corporations and community. They push notions of corporate shared social responsibility to creating value—an important step in expanding the definition of economic success. They extend beyond the narrow framework of corporate philanthropy, and offer a more comprehensive business approach towards understanding the intersection between economic and social value in order to generate a competitive business advantage. While a more inclusive framework for economic success, it does not establish the centrality of locally-focused community wealth generation that is essential to realize a more complete vision of economic success.

There are four essential elements illustrated by the University Hospitals case study that illustrate the distinctions between the Porter/Kramer model and the value demonstrated by effectively executed community wealth generation.

Nonprofits and government are not passive.

Nonprofit businesses generally have a directed mission naturally oriented to community benefit. Porter and Kramer mostly call for a "blurring of the boundary between successful for-profits and nonprofits" as a "strong sign for creating shared value."[181] However, the examples of clean water distribution and trash collection are for-profit enterprises that are taking on more nonprofit roles. The role of the nonprofit is not to be undervalued, especially as it relates to the "eds and meds" discussed throughout this paper. The growing movement of these "eds and meds" anchor institutions illustrates

[181] Porter and Kramer, "Creating Shared Value."

that nonprofits are already equipped with a social mission that they can leverage to promote local economic and community development. With Vision 2010, UH construction activities created more than 5,200 jobs and generated more than $500 million in local and regional wages, salaries, and benefits. The impact a nonprofit can provoke demands further exploration.

In the same vein, the role of government can be more dynamic than stipulated by Porter and Kramer. Porter and Kramer warn government must "learn how to regulate in ways that enable shared value rather than work against it."[182] Government can do more than regulate, it can foster innovation and support collaboration. Vision 2010's minority and local hiring goals were based off of the existing Fannie Mae Lewis law. The Mayor and Congresswoman held special sessions and convened an array of partners to bolster UH's efforts. Additionally, government provided a public platform for UH to share its work more broadly while supporting and pushing it to innovate. Mayor Frank Jackson noted, "The private sector has more flexibility and we are looking to that for innovation." There are multiple ways government can drive value creation and build momentum to support innovative and inclusive business solutions.

A more active role by government can foster innovation. With the Affordable Health Care Act, another opportunity for innovation exists. Well-designed regulations can serve as a vehicle for creatively defining public benefit. Until Schedule H, UH Vision 2010 could not account for the majority of its activities in the 990. Now, they are ahead of the curve. Their innovation fits nicely within this new regulation, and the regulation can foster further innovation in other nonprofit hospitals.

Innovation is bolstered by in-depth civic engagement.

[182] Ibid.

The depth and breadth of civic engagement comes from how significantly partners are engaged and from the array of stakeholders. Porter and Kramer do not highlight or mention the importance of civic engagement, giving the impression that stakeholders act distinctively from the communities to which they are providing benefit. That is a misnomer, especially when in search of innovation.

Civic engagement through and with community-based organizations (CBOs) can provide knowledgeable insights not just for problem solving and innovation, but also for value creation. Within Porter and Kramer's three tasks of shared value creation: re-conceiving products and markets; redefining productivity in the value chain; and building industry clusters, CBOs can distinctly augment outcomes. Thompson and Gittell note:

> *CBOs can do more than offer business leaders information on community preferences and creating a supportive public environment for business: CBOs can actively influence community preferences (through engaging residents in conversations about economic issues) as well as by creating new forms of community and social organization... In terms of redefining productivity in the value chain, CBOs can do more than assist in distribution and marketing: they can develop new forms of business collaboration and community ownership that change the dynamics of the supply chain as well as the community's stake in buying and promoting co-produced products. In terms of building industry clusters, CBOs can organize labor unions, churches, and public officials controlling pension dollars to be investors in cluster strategies. They can also organize shareholders of public companies to be supportive of such strategies. With the expansive potential role for CBOs in production, it would make little sense to prohibit them from sharing responsibility in company decision-making and profit-sharing.*

The role of CBOs and civic engagement demands greater attention that offered in the Porter/Kramer model of creating shared value. As demonstrated by UH Vision 2010, with public civic engagement support, and through the hiring of people "who could connect to the community" there was a clear outreach advantage to the Vision 2010 model. As Bernard Wiggins shared when asked how he knew about Vision 2010, "Everyone just knew. We were all talking about it." Even more important is they kept

talking about it, and minority contractors' opinions and wisdom were integral to the decision process for how to streamline funding for small FBEs and MBEs while managing risk. A deep level of civic engagement demands a role for CBOs and/or community members to be a part of the decision-making process. They produce stronger results and community buy-in, but also negotiate broader involvement and outcomes. Porter and Kramer also do not mention the role of unions for creating shared value. Often, working in certain cities is predicated on reaching labor agreements. The role of unions in UH Vision 2010 validated the labor practices and supported joint ventures to boost their capacity. Negotiating the terms was a complicated process, but one that could not be ignored and was ably facilitated through the public sector.

Creating shared value is a multi-sector venture.

Creating shared value's next evolution can be seen through the model of community wealth generation. Community wealth generation works to create conditions, opportunities, and systems for furthering inclusion of low-income communities, communities of color, and the formerly incarcerated towards economic and social prosperity. While various approaches to build community assets and work towards community wealth generation, a recently launched GainShare framework by MIT's CoLab provides the newest iteration of how businesses can foster community wealth generation to build social and financial capital in tandem: "GainShare approaches seek innovative ways to harness market forces in order to benefit marginalized communities... Focusing on the power and potential within marginalized poor communities, businesses are called upon to work with community organizations and local leaders to identify their most valuable assets, convene powerful partners, and help build sustainable models

around those assets."[183] A GainShare approach, as a tool for community wealth generation, provides a distinct advantage in building social capital because it offers a strategic approach to economic development within low-income communities and communities of color that focuses on long-term wealth building.

The distinctions between corporate shared responsibility (CSR), creating shared value (CSV) and Community Wealth Generation (CWG) are further illustrated in Table 3.

**Table 3: From Corporate Shared Responsibility and Creating Shared Value to Democratic Wealth Generation**

| CSR | CSV | CWG |
| --- | --- | --- |
| Value: doing good | Value: economic and societal benefits relative to cost | Value: sustainable and equitable economic and community development |
| Citizenship, philanthropy, sustainability | Joint company and community value creation | Multi-sector collaboration across public and private sectors |
| Discretionary or in response to external pressure | Integral to competing | Fundamental to fuller economic, social and community development |
| Separate from profit maximization | Integral to profit maximization | Essential to long-term profit maximization |
| Agenda is determined by external reporting and personal preferences | Agenda is company specific and internally generated | Agenda is co-created internally and externally and case specific. |
| Impact limited by corporate footprint and CSR budget | Realigns the entire company budget | Refocus 20-25 percent of the company budget |
| Example:<br>Fair Trade Purchasing | Example:<br>Transforming procurement to increase quality and yield. | Example:<br>Focusing procurement locally to start worker-owned enterprises. |

*CSR and CSV chart from Porter and Kramer 2011, p 16. Please note "In all cases, compliance with laws and ethical standards and reducing from corporate activities are assumed (Porter Kramer 2011).*

[183] CoLab, "DRAFT: Gainshare Framework for Building Economic Democracy."

Creating value is complex, but its motivations are simple. There is a common interest in pursuing economic, environmental, and social interests from the public and private sectors. The public sector has a political and social incentive in maintaining the economic vibrancy of their locale. This often includes community and economic development efforts. The private sector, especially long-standing institutions like "eds and meds" have a similar interest to maintain in their locale. As Steven Standley shared, "I want nurses and those who are going to work at the hospital to feel safe living in the surrounding neighborhoods." Local hiring strategies are also important to maintain good public relations and for mitigating against labor strikes and protests. Furthermore, making the dollar bounce, or the multiplier effect, is good for business. When dollars are grown locally they build financial and social capital allowing people to spend more money locally and fortify the local and regional economy. Thinking locally and working towards community wealth generation is an elegant approach with great economic impact for both the public and private sector.

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# APPENDIX

## Attachment B (to the PLA Agreement)

**Annex 2**

**Attachment B**

The following goals shall apply to all construction work performed within the City and not otherwise exempt from the terms and conditions of this Agreement. Further, the City is designated as a third party beneficiary for the purposes of enforcing the provisions of this Attachment B. Each of the capitalized terms used herein has the same meaning as the meaning assigned to such term in this Agreement, unless otherwise stated:

Goals

1. UH shall require the Contractors to employ at least 20% City residents on the Covered Projects located within the City. All construction contracts for work subject to the jurisdiction of this Agreement shall include this requirement. The Unions agree to use their best efforts to assist UH and the Contractors in meeting the goals of this paragraph 1.

2. The Unions agree to recognize the Max Hayes' 9-12 building trades curriculum (currently being developed) as classroom time applied to the hourly apprenticeship requirement. The Unions shall participate in the development of the curriculum and support Max Hayes by a written agreement of cooperation between the Cleveland Municipal School District ("CMSD") and the Unions. Notwithstanding the foregoing, the Unions will use their best efforts to work with and assist the CMSD in achieving the goals of this paragraph 2 to the extent permitted by federal, state and local laws and the Joint Apprenticeship Training Councils of the respective Unions. UH shall use commercially reasonable efforts to require the Contractors and Unions to: (a) provide jobs to Max Hayes building trade graduates upon such graduates completing the training described in paragraph 4 of this Attachment B; and (b) use commercially reasonable efforts to place all interested Max Hayes building trades program graduates in permanent employment positions upon such graduates completing the training described in paragraph 4 of this Attachment B. The Unions agree to dedicate, on an annual basis, one UCIP/ASAP class to Max Hayes' graduates which UH shall utilize on its Covered Projects.

3. [Reserved].

4. The Unions acknowledge and agree that, as of the date of this Agreement, there are approximately 60 entry level UCIP/ASAP participants on an annual basis and approximately 48 new apprentices graduating from UCIP/ASAP on an annual basis. The Unions shall: (a) permit City residents eligible for Union membership to participate in the Covered Projects through UCIP/ASAP in all trades; and (b) require that all UCIP/ASAP board members actively promote the placement and retention of City residents in apprenticeship programs. Assuming UH commences construction work on a majority of the Covered Projects and meets its required labor projections for the Covered Projects, upon the third anniversary of this Agreement, the Unions shall use their best efforts to enroll sufficient entry level UCIP/ASAP participants and graduate sufficient UCIP/ASAP apprentices to meet UH's requirements.

5. The Unions shall afford the Mayor of the City the right to select one member of the UCIP/ASAP board.

6. [Reserved].

7. All Contractors shall voluntarily participate in the City's Contractors Assistance Program by placing the highest priority on the creation of contracting opportunities for minority, female, and local-small business enterprises in the City's business community. To accomplish these priorities, UH and the Contractors shall include appropriate, fixed percentages of the proposed construction work covered by the scope of this Agreement in bid documents, contract specifications and other contract documents to be targeted toward City-area minority, female, and local-small business enterprises whether as prime contractors or sub-contractors. UH and the Contractors shall cause the Contractors to agree to abide by the policies, rules and procedures of UH applicable to this Program.

8. Additionally, UH shall require its Contractors to select a protégé business enterprise to mentor during the term of any Covered Project. The mentor shall provide bidding, financial, and technical assistance to the protégé business enterprise as well as subcontractor or joint venture work. The mentor/protégé relationship may be with an appropriate business enterprise performing construction work on a Covered Project. If the foregoing is impracticable, the mentor/protégé relationship shall be with a business enterprise certified by the Office of Equal Opportunity of the City ("OEO").

9. UH will utilize Union Contractors who joint venture with non-union Contractors in regard to the Covered Project to achieve its regionalism goals.

10. UH also will use commercially reasonable efforts to award 15% of the combined aggregate value of the Covered Projects and related vendor purchases to qualified City-certified MBE firms and 5% of the combined aggregate value of the Covered Projects and related vendor purchases to qualified City-certified FBE firms.

11. To assist UH, the Contractors and the Unions in the performance of their respective obligations set forth in this Attachment B, the City shall:

a) Through the OEO, provide the foregoing parties the following information and services upon the request of any party: lists of certified MBE and FBE firms, technical assistance to MBE and FBE firms performing work on a Covered Project which is subject to the jurisdiction of this Agreement;
and

b) Through its Department of Building and Housing, provide expedited permitting for all construction projects located in the City.