Department of City and Regional Planning Fall 2012

University of California, Berkeley Prof. Karen Chapple

### CP228: SUSTAINABLE ECONOMIC DEVELOPMENT STUDIO

**The Role of Anchor Institutions and Nonprofits in the Oakland Economy**

The Oakland economy has struggled to recover from the recent recession. Yet, Oakland has developed its own distinct and diversified economy, with existing strengths ranging from health care to trade and logistics. Although emergent niches in life sciences, clean/green economy, and digital media/information technology garner much attention, arguably the sectors that are currently sustaining the Oakland economy are local-serving: health, education, and a wide variety of smaller nonprofit organizations.

Although the conventional wisdom is that cities and regions need export businesses in order to grow, regional economists have long debated the chicken-and-the-egg question of whether to focus first on these traded sectors or the so-called residentiary industries. The vibrancy of Oakland’s nonprofit ecosystem suggests the potential to develop a more sustainable economic development plan that builds on these strengths.

This graduate studio will examine Oakland’s ecosystem of anchor institutions (such as Kaiser Permanente Health and the University of California ) and smaller related nonprofits – including the arts, environmental advocacy groups, social service providers, and others -- identifying their myriad contributions to the local economy. We will focus on the health care sector, broadly defined to include not only major hospitals, community clinics, and medical research, but also wellness-related services and retail (such as yoga studios and farmer’s markets). If enrollment and student interest permits, we will also look at one or more other sectors.

Using economic impact analysis, we will identify the multiplier effects of each sector under study. But for most of the semester, we will explore all the different ways, from the readily quantifiable to the intangible, that these nonprofits support the local economy. Surveys will help to document the types of revenues nonprofits generate, the skills and capacities they help build, and the nature of their supply chains, including the extent of local purchasing. Complementing these will be in-depth interviews of lead organizations in these sectors to determine the extent and role of the ecosystem in the larger Oakland economy.

The client for this studio will be the City of Oakland’s Economic and Workforce Development division, managed by Aliza Gallo and staffed by Margot Lederer Prado, under Assistant City Administrator Fred Blackwell. The class is intended for MCP students in their final year, but others may be admitted with permission of the instructor. There are no course prerequisites; however, students will benefit from prior exposure to economic datasets, as in CP 204a.

**Tasks**

**Task 1: Defining the sectors**. (Presentation and report due September 17)

For this task, the class will split into two groups, the first conducting economic analysis and the second conducting interviews and case studies. The first group will analyze the health care sector’s role in the Oakland economy, describe past trends, and project future growth and job creation potential. (If enrollment permits, we will look at additional sectors as well.)

The second group will conduct interviews and a literature review to help define the sector(s) and trends (e.g., the division between public, private, and nonprofit sectors, the likely need for facilities, and types of jobs to be created). This group will also prepare two-three case studies of similar sectors in other city economies. Both groups will prepare a short report and presentation on their findings, due in class on September 17.

**Task 2: Analyzing potential impacts.** (Presentation and reports due October 8)

This task will also involve two groups. Using IMPLAN economic modeling software, the first group will conduct an economic impact analysis of the sector(s). This analysis will identify indirect and induced employment effects likely to occur at the county level. The group will estimate which of these impacts are likely to be captured locally, and which will likely occur outside Oakland, based on purchasing data from major institutions. This analysis will also use input-output tables to describe the linkages (particularly the supply chain) between the sector and other economic sectors. The product from this group will be the midterm presentation and a short report on findings.

A second group will conduct five-eight key informant interviews to help define the scope for Task 3. These might involve interviews of local anchor institutions, foundations, and city officials to determine impacts and relationships not apparent from the quantitative analysis. This group will also present their findings, as well as draft a scope of work that designs the research approach for the second half of class, to be revised based on feedback at the midterm presentation.

**Task 3. Examining sector’s role in Oakland economy (**Presentation and report due November 5**)**

In order to develop a picture of how the sector(s) functions in the larger Oakland economic ecosystem, the class will conduct interviews and/or surveys of firms and organizations. The main purpose of this task will be to uncover benefits and synergies that are not readily apparent from the quantitative analysis. For instance, new types of businesses may spin off from nonprofit activities, and the presence of a skilled workforce may attract related firms. The entire class will work together on this task and report.

**Task 4. Developing an action plan** (Presentation due November 28, report due December 14)

To develop the scope of policy and planning recommendations, the class will work closely with the clients. In order to not just develop an appropriate plan of action but also to engage stakeholders in implementation, groups will likely conduct one or more focus groups with key sector actors.

**Studio Products**

* A report that uses secondary data to describe and analyze the sector’s role, existing and projected, in Oakland and the East Bay, discusses sector trends based on a literature review, and presents case studies of sectors in other cities (Task 1);
* A report analyzing the sector’s economic impact, including its linkages and multiplier effects (Task 2);
* A scope of work outlining the research design for the qualitative research (Task 3);
* A report summarizing the survey and/or interview findings (Task 3);
* Presentation of the findings to the clients and other key stakeholders at the end of the semester.
* Final report that incorporates the findings from Task 1-3 and adds recommendations and action steps for the City of Oakland (Task 4).

**Class Schedule and Readings (Tentative)**

*All readings are available on the web or on the class bSpace website.*

**August 26 Introduction to the project and clients**

**August 28 The debate on the role of exports in regional development, plus Task 1 scope of work**

North, Douglas. 1974. “Location Theory and Regional Economic Growth.” Ch. 13, pp. 332-347 in J. Friedmann and W. Alonso, eds., *Regional Policy: Readings in Theory and Applications*. Cambridge: MIT Press.

Tiebout, Charles. 1974. "Exports and Regional Economic Growth." Ch. 14, pp. 348-356 in J. Friedmann and W. Alonso, eds., *Regional Policy: Readings in Theory and Applications*. Cambridge: MIT Press. (also North reply and Tiebout rejoinder, pp. 353-357)

Chinitz, Benjamin. 1961. "Contrasts in Agglomeration: New York and Pittsburgh." *American Economic Review: Papers and Proceedings* 51:279-289.

Markusen, Ann and Schrock, Greg. 2009. Consumption-driven urban development. *Urban Geography*, 30, 4, pp. 344–367.

Istrate, Emilia and Marchio, Nicholas. 2012*. Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth*. Washington, DC: Brookings Institution. http://www.brookings.edu/research/reports/2012/03/08-exports

**September 5 Introduction to economic data and defining sectors**

Richman, Louis S. 1993 (March 8). Why the economic data mislead us. *Fortune* 127,5: 108-111.

Bendavid-Val, A. 1991. Economic base analysis. Chapter 8 in *Regional and Local Economic Analysis for Practitioners*. NY: Praeger.

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**September 10 Economic analysis and reports**

Bendavid-Val, A. 1991. Economy composition analysis. Chapter 7, pp. 67-76 in *Regional and Local Economic Analysis for Practitioners*. NY: Praeger.

Earthvoice Strategies. 2009. *City of Santa Monica: Strategy for a Sustainable Local Economy*. Prepared for the City of Santa Monica.

ICF International. 2007. *Sustaining our Prosperity: The San Francisco Economic Strategy*. Chapter 3: Economic Drivers and Strategic Priorities, pp. 43-60. Available at <http://www.oewd.org/media/docs/SF%20Economic%20Strategy%20Report.pdf>

**September 12 Group meetings**

**September 17 Task 1 findings (Report 1 due)**

**September 19 Clusters, anchors, and planning Tasks 2 and 3**

Dubb, Steve and Howard, Ted. 2012. Leveraging Anchor Institutions for Local Job Creation and Wealth Building. http: http://www.bigideasforjobs.org/wp-content/uploads/2011/09/Dubb\_Howard\_Full-Report1.pdf

Porter, Michael.  2000.  “Location, Competition and Economic Development: Local Clusters in a Global Economy.” *Economic Development Quarterly,* vol. 14, No. 1: 15-34.

Held, James R. 1996. “Clusters as an Economic Development Tool: Beyond the Pitfalls.” *Economic Development Quarterly* 10: 249-261.

Collaborative Economics. 2007. *Industry Clusters of Opportunity User Guide* (esp. Part 1, How to Identify Clusters of Opportunity). <http://www.coecon.com/Reports/ECONOMY/ClustersGuide.pdf>

**September 24 Overview of economic impact and linkage analysis**

Davis, H. Craig. 1993. Input-output analysis and Regional economic impact analysis: A comparison of approaches. Chapters 4 and 5, pp. 53-94. *Regional Economic Impact Analysis and Project Evaluation*. Vancouver, BC: UBC Press.

Warner, M.E. and Zhilin Liu 2006. "[The Importance of Child Care in Economic Development: A Comparative Analysis of Regional Economic Linkage](http://government.cce.cornell.edu/doc/pdf/warner%20liu%20EDQ%202006.pdf)," Economic Development Quarterly 20(1):97-103.

**September 26 Introduction to interview methods in regional economic analysis**

Healey, M. et al. 1993. Interviewing business owners and managers: A review of

 methods and techniques. *Geoforum* 24,3.

**October 1 Economic impact analysis via IMPLAN (IRLE library)**

MIG, Inc. 2000. Pp. 95-187, Chapters 8-16 in *IMPLAN Pro User’s Guide*. Stillwater, MN: Minnesota IMPLAN Group.

###### Stevens, Benjamin and Lahr, Michael. 1988. “Regional Economic Multipliers: Definition, Measurement, and Application.” EDQ 2,1: 88-96.

**October 3 Discussion of preliminary findings**

**October 8 Midterm Presentation, Task 2 Findings and Task 3 Scope**

**October 10 Group meetings**

**October 15 Working session, interview/survey protocol**

**October 17** **Group meetings**

**October 22** **Working session, interview/survey results**

**October 24 Group meetings**

**October 29 Working session, interview/survey results**

**October 31 Group meetings**

**November 5 Presentation, Task 3 Findings and Task 4 Scope**

**November 7 Group meetings**

**November 12** Class cancelled, Veteran’s Day

**November 14 Working session, Task 4**

**November 19 Group meetings**

**November 21** Class cancelled, Thanksgiving

**November 26 Working session on draft report**

**November 28 Class presentation to clients**