



Oakland's Wellness Economy

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December 2012

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Acknowledgements

The research team would like to thank the staff of Oakland's Office of Economic Development for commissioning this project to UC Berkeley's Department of City and Regional Planning and assisting our endeavors along the way. Special thanks to Fred Blackwell, Assistant City Manager; Aliza Gallo, Economic Development Manager; Margot Lederer Prado, Economic Development/Specialist; and Julie Barnard, CEDA Intern for their feedback, guidance, and support.

We also want to thank all the interviewees that volunteered their time and insight into this project. Your candidness will help develop a sustainable Oakland economy.

And, lastly, we would like to thank and acknowledge Professor Karen Chapple for her guidance throughout the length of this project.

Executive Summary

The City of Oakland is updating their economic development strategy, which will focus on a variety of different economic sectors in Oakland. One of their key focus areas is healthcare due to Oakland's robust cluster of healthcare providers, community clinics, and related nonprofits. The Office of Economic Development commissioned the graduate level economic development studio at UC Berkeley's Department of City and Regional Planning to aid in developing a strategy for healthcare.

The analysis that follows is based on a carefully crafted database of for-profit and non-profit establishments contained in the wellness cluster in Oakland—a diverse list including entities such as hospitals, parks, and yoga studios. By deepening the analysis of the wellness economy past just the mere “healthcare sector,” \$2 billion more in revenue and 1,000 more establishments were identified. In total, there are **2,981 establishments with about \$30 billion in revenue, supporting 22,805 jobs** in Oakland's wellness cluster.¹

A deeper understanding of the robust economy of interconnected establishments in various sectors will allow the City to better support and leverage the wellness cluster. The wellness cluster contributes to two inextricably linked, critical factors of the success of Oakland: its ***economic strength and the wellbeing of its residents***.

Through interviews and a roundtable discussion with key stakeholders, key themes emerged regarding the wellness cluster. Its strengths include ***employment opportunities, diversity of services and clinics, and innovative organizations***. Its challenges are ***health inequity and poverty of residents, perceptions of city-wide crime, and lack of coordination among establishments***.

Responding to these themes and drawing on case studies of other cities, an ***action plan*** concludes the report. The recommendations include long-term goals and short-term actions on the following subjects: ***branding, local purchasing, community clinics, business assistance and real estate, and health equity***.

In conclusion, the City's wellness economy is a rich asset unique to Oakland, with a combination of cutting-edge institutions and well-established community groups. A variety of stakeholders are engaged in better leveraging this cluster for greater economic development. The City can lead in this effort, simultaneously improving the health of its residents and strengthening a key engine of its economy.

¹ This data includes reported numbers from the national headquarters of Kaiser Permanente and the American Cancer Society located in Oakland.

Introduction

The City of Oakland was hard-hit by the financial downturn of 2007, reflecting trends across the nation. However, Oakland's economy is stabilizing and gaining strength in the aftermath. Between 2010 and 2011, the unemployment rate decreased from 16.9% to 15.6%, while the number of jobs in the city increased by 5%.² The City maintains a relative concentration of employment by holding nearly a quarter of the jobs in Alameda County in 2011 (164,194 out of 639,544).³ The health care sector alone generated 20,654 of these jobs for the city. Additionally, there was a 17% increase in business establishments locating in Oakland between 2010 and 2011.⁴

The City of Oakland has an important presence in the field of healthcare. It is the location of four major healthcare providers and research centers in the Bay Area including Children's Hospital Oakland Research Institute (CHORI), Kaiser Permanente, Alta Bates Summit Medical Center, and Alameda County Medical Center's Highland Hospital. All four hospitals are leading providers in the region and have made capital and technological investments in healthcare, most recently in the form of new facilities construction throughout Oakland. The City has proximity to major education and research institutions such as UC Berkeley, Stanford University, UC San Francisco, and the Lawrence National Laboratories, as well as Samuel Merritt University—a university dedicated to training health professionals located within the city boundaries. In addition to the major anchor institutions mentioned, Oakland is home to a rich culture of non-profit and community-based organizations such as La Clinica de la Raza and The Native American Health Center, which serve 74,000 patients combined and have become national models for community health care programs.⁵

Despite the City's premier position in healthcare, public perceptions of Oakland have been plagued by news of urban crime and overshadowed by the successes of San Francisco and Silicon Valley. However, this is a unique moment for Oakland to begin changing its national image. The New York Times ranked Oakland #5 in "The 45 Places to Visit in 2012"⁶ and Forbes ranked the city #82 in "Best Places for Businesses and Careers."⁷ Specifically, San Francisco Business Times ran an article directly highlighting Oakland's strength in healthcare entitled "World-Class Health Care, Strategic Location Position Oakland for the Future" (October 2012). Building on this existing strength in the wellness sector in Oakland could further job growth and business attraction.

² EconoVue: Output – City of Oakland, County of Alameda, year 2011 and 2012. National Establishment Time Series Database (Dun and Bradstreet), Read more about NETS: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1022962

³ Ibid.

⁴ Oakland Budget & Revenue Department; Net new establishments minus firm deaths and moves.

⁵ San Francisco Business Times, "World-Class Health Care, Strategic Location Position Oakland for the Future." October 12, 2012.

⁶ http://travel.nytimes.com/2012/01/08/travel/45-places-to-go-in-2012.html?_r=0

⁷ <http://www.forbes.com/places/ca/oakland/>

Objectives

The City of Oakland is currently formulating a new economic development strategy, headed by the Office of Economic Development (OED). To aid in this endeavor, the OED commissioned a graduate level economic development studio at UC Berkeley's Department of City and Regional Planning to contribute to the "Healthcare" chapter of its economic development strategy.

This report will examine Oakland's ecosystem of anchor institutions, businesses, and related nonprofits in order to identify the myriad contributions to the local economy, with the goal of outlining a strategy for sustainable economic development. The main research questions asked are:

- What are the significant connections, interactions, and gaps between business establishments and nonprofit institutions in Oakland's wellness cluster?
- What are the opportunities to strengthen Oakland's economy from the perspective of these actors?

To answer these questions this study conducts several types of research. First, it defines a theoretical framework to introduce the concepts of sustainable economic development and cluster-based economic development. Secondly, it defines and analyzes the wellness cluster. To supplement the initial quantitative, spatial, and impact analyses, the researchers also conduct interviews and focus groups. Finally, based on emerging themes found through the analyses and focus groups, the researchers develop an action plan to strengthen the wellness cluster in Oakland.

Theoretical Framework

Sustainable Economic Development

The research and action plans outlined in this report are conducted under the assumption that economic development and achieving health, wellness, and equity are not necessarily undertaken as two divergent paths. Rather, they can be accomplished simultaneously. The following definition of sustainable economic development has framed the overall approach to this research.

Sustainable economic development enhances equitable local income and employment growth without endangering local fiscal stability, degrading the natural environment, or contributing to global climate change. It challenges the model of growth based on pure consumption rather than human happiness, takes into account long-term goals as well as short-term needs and is sensitive to local context and history.⁸

This expanded view of economic development meets the specific need of Oakland to enhance equity. Rather than only focusing on major institutional actors in the economy, this research attempts to consider inequalities, both spatial and socio-economic, in order to achieve a wide-reaching effort of economic development. Furthermore, the paradigm shift from a model of growth based on consumption to a more holistic model that includes human happiness and environmental integrity parallels the contemporary shift in healthcare from a model based on emergency treatments to a more comprehensive model that includes social determinants and prevention strategies. Strengthening Oakland's wellness cluster will require an investigation into the City's cultural diversity and the ways in which an economic development strategy can meet the long-term needs of Oakland's population equitably.

Cluster-Based Economic Development Strategy

The term cluster is employed as defined by Michael Porter (2000). Porter states that a cluster is the "[c]oncentration of companies and industries within a geographic region which are interconnected by commonalities and complementarities," and characterized by three main factors: concentration, connection, and localization.⁹ Thus, clusters are defined loosely as geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. For the purpose of this research, the geographic region is the City of Oakland and the commonality is wellness.

The City's Department of Economic Development has identified other clusters of interest, including Biotech and Trade & Logistics, for its new economic development strategy. Certainly there are alternative approaches to regional economic development, but a cluster-based strategy is useful in identifying the interconnected actors, catalyzing cooperation, and encouraging healthy competition.

⁸ "Sustainable Cities Conference Series: Urban Housing, Economy, and Transit" hosted by UC Berkeley on November 18, 2011.

⁹ Porter, Michael. (2000). Location, Competition and Economic Development: Local Clusters in a Global Economy. *Economic Quarterly*, 14(1), 15-34.

Case Studies: Examples of Cluster-Based Economic Development

Santa Monica

As described in “City of Santa Monica: Strategy for a Sustainable Local Economy,” the City of Santa Monica treats Health, Social and Education services as one interrelated sector in its local economic development strategy, thus expanding the traditional perspective on health. The goal of an integrated approach, and a strategy Oakland could pursue, is to ensure the viability and sustainability of the economy and natural resources, as well as attract new businesses through land use policy and the creation of a ‘Sustainable Santa Monica Center’ assistance center.

Cleveland

Steve Dubb and Ted Howard’s report “Leveraging Anchor Institutions for Local Job Creation and Wealth Building” focuses on efforts in Cleveland, Ohio to leverage anchor institutions for local job creation. A coalition of hospitals, non-profits, and civic leaders are improving disadvantaged areas neighboring anchor institutions through new transportation projects, transit-oriented commercial development, an Employer-Assisted Housing program, and an Education Transformation Plan.¹ These efforts have been highly effective in fostering reinvestment and engaging locals through anchor backed cooperatives, but the authors warn that location-based reinvestment could lead to inequity. These warnings apply to Oakland’s situation, specifically in the area along upper Broadway corridor in which there is a concentration of health institutions.

Seattle

The case of Seattle, as described in “Economic Contribution of the Healthcare Industry to the City of Seattle,”² provides a model of how to help support healthcare’s growth and perhaps even attract healthcare providers by employing a few key strategies: adjusting land use codes, providing fast-track permits, and bridging educational gaps.³ Additionally, the study looks at the sustainability of an already strongly interconnected cluster and the possible shortages they may encounter, such as nurses and other support occupations, and plans for the future. Oakland could use Seattle as a model for supporting sustainable cluster-based development.

¹ Dubb, S. and Howard, T. (2011). Leveraging Anchor Institutions for Local Job Creation and Wealth Building. Bigideasforjobs.org. Retrieved September 28, 2012 from http://www.bigideasforjobs.org/wp-content/uploads/2011/09/Dubb_Howard_Full-Report1.pdf.

² Huckell/Weinman Associates, Inc. (2004). Economic Contribution of the Healthcare Industry to the City of Seattle. Seattle.gov. Retrieved September 28, 2012 from <http://www.seattle.gov/economicdevelopment/files/Healthcare-Study-102904.pdf>.

³ Ibid.

Defining Oakland's Wellness Cluster

Wellness Defined

Research began with developing operative definitions of “health,” “environmental health,” and “wellness,” in order to ascertain which definitions would be most useful for this study. “Health” is defined in the Preamble to the Constitution of the World Health Organization as “...a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.”¹⁰

The definitions of “environmental health” and “wellness” overlap. Both terms are broad enough to encompass the day-to-day effects of one’s surroundings. The most fitting definition of ‘environmental health’ also comes from the World Health Organization and is defined as:

... address[ing] all the physical, chemical, and biological factors external to a person, and all the related factors impacting behaviours. It encompasses the assessment and control of those environmental factors that can potentially affect health. It is targeted towards preventing diseases and creating health-supportive environments. This definition excludes behavior not related to the environmental as well as behaviour related to the social and cultural environment and genetics.¹¹

The definition of “wellness” employed in this research is derived from the Patient Protection and Affordable Care Act of 2010. The Act defines wellness as prevention of illness through proactive assessments and education, as well as interventions that improve one’s quality of life. It argues that a “wellness” program either promotes health or prevents disease.¹²

Gathering Data

Data gathering is the first phase of the quantitative research. The quantitative data is compiled from two datasets: Dun & Bradstreet (D&B) using North American Industrial Classification System (NAICS) data from 2012 and the National Center for Charitable Statistics provided by the Urban Institute using the National Taxonomy of Exempt Entities (NTEE) from August 2012. The D&B data includes the annual revenue and employment figures for all businesses and some nonprofits in Oakland for the past 10 years, whereas the NTEE includes the annual revenue figures for only nonprofits in Oakland for 2004, 2008, and 2012.

The two datasets were combined, duplicates deleted, and establishments fitting the working definition of “wellness” were selected.¹³ First, all establishments categorized under specific health sectors in both

¹⁰ World Health Organization. (n.d.) WHO definition of Health. In World Health Organization. Retrieved September 28, 2012, from <http://www.who.int/about/definition/en/print.html>.

¹¹ World Health Organization. (n.d.) Health Topics. In World Health Organization. Retrieved September 28, 2012, from http://www.who.int/topics/environmental_health/en/.

¹² U.S. Congress. (2010). Patient Protection and Affordable Care Act. Govtrack.us. Retrieved September 25, 2012 from <http://www.govtrack.us/congress/bills/111/hr3590#>

¹³ Entities with the same name and different addresses were kept on the list; and entities with the same name and address but different non-zero revenues were kept. Some entities were listed with the same name and address, yet only one entry had a listed revenue. In these cases, all duplicates without a revenue were eliminated. Entities that have identical nonprofit and for-profit listings were edited so that only the nonprofit entry—the most recent data—was listed.

databases were included as wellness establishments to be analyzed. All nonprofits from the Healthcare; Mental Health and Crisis Intervention; Voluntary Health Associations; and Medical Research sectors as classified by the NTEE were included. Similarly, all establishments from Ambulatory Healthcare, Hospitals, and Nursing and Residential Care sectors as classified by NAICS were included.

To capture a more holistic definition of health, specific establishments from other sectors were also included. The following are sectors containing the majority of establishments that fit the working definition of “wellness”: Education; Recreation and Sports; Housing and Shelter; Food, Agriculture, and Nutrition; Scientific Research, Office of Administrative Services; Civic and Social Organization; Social Advocacy, Health and Personal Care Stores, and Personal Care Services. Examples of establishments not strictly related to healthcare sectors that were included are: The Boys & Girls Clubs, Parks Associations, yoga studios, churches, and colleges and universities. In contrast, examples of establishments that were not included are: childcare centers, country clubs, and senior housing that does not provide health services. (See following boxed insets for more examples of establishments that were included and excluded). The criteria to include establishments not strictly related to health sectors followed a basic requirement: The service provided by these establishments should fit the working definition of “wellness”. Additionally, the establishments should satisfy one of the following requirements: 1. Health services for the prevention or treatment of disease, or the wellbeing of a specific group or population, should be included as part of the services provided; and 2. Establishments provide inputs that are crucial for the development or operation of other included establishments (i.e. support organizations).

There were several limitations encountered when using these datasets. The for-profit and nonprofit data sets are from different sources, therefore inconsistencies between them exist. For example, employment data for some nonprofit establishments is absent. In addition, certain large for-profit establishments reported zero revenue, which indicates underreporting in the revenue data. Another limitation was the information provided in some of the establishment’s websites was too limited to determine with accuracy if they should or should not be included as part of what will be identified as Oakland’s wellness cluster. These “unknown” establishments were not included in the final dataset.

Oakland's Wellness Cluster: Types of Establishments

Insurance Agencies

Examples: Norcal Mutual Insurance Co., Health Insurance Counseling, Jax Pacific West Insurance

Not Included: Larger insurers where healthcare insurance could not be extracted

Hospitals and Health Centers

Examples: Kaiser Foundation Hospitals, Native American Health Center

Not Included: Hospitals located outside of Oakland

Diagnostic labs and ambulatory services

Examples: Oakland Pathology Lab, Renal Advantage, Inc.

Not Included: Non-health related or non-human labs or ambulatory services

Nursing and residential care

Examples: Mercy Retirement and Care Center, Healing Muses

Not Included: Senior residences without nursing component

Local government enterprises

Examples: Veterans Health Administration, Department of Health Care Services

Not Included: Government enterprises not specifically related to healthcare

Retail health and personal care

Examples: CVS Pharmacy, Ancestral Apothecary

Not Included: Retail not related to health or wellness; personal services not related to healthcare (such as hair salons, nail salons, non-dermatological skincare, etc.)

Health practitioners

Examples: North Oakland Family Practice, Curtis Perry, DDS

Not Included: Practitioners that could not be verified as related to healthcare or wellness

Home health care

Examples: Manos Home Care, Home Care Solutions, Inc.

Not Included: Childcare services, such as in home daycare, etc.

Community education services

Examples: Diversity Health Training Institute, Mindful Schools

Not Included: Education services not specifically related to healthcare or wellness

Oakland's Wellness Cluster: Types of Establishments

Individual and family services

Examples: Telecare Corporation, Blackbird Family Therapy

Not Included: Services not specifically related to healthcare or wellness

Community food, housing and other relief services

Examples: The Alameda County Community Food Bank, Bonita House, Harm Reduction Therapy Center

Not Included: Relief services not directly related to health or wellness

Fitness services

Examples: Stepping Together, Susan Klawiter Pilates, Next Level Personal Fitness

Not Included: Non-health related services

Civic and professional

Examples: California Nurses Association, Association of Occupational Health Professionals

Not Included: Non-health related civic or professional organizations

Support Establishments

Construction of healthcare structures

Examples: Jtec Healthcare Construction Management

Not Included: Construction companies not solely focused on healthcare

Medical and health product manufacturing

Examples: Mayer Laboratories, Gac- Medical Hygiene Products

Not Included: Non-medical or non-health related product manufacturing

Medical research

Examples: Quattro Clinical Research, Open Research Children's Hospital

Not Included: Non-medical research

Administrative

Examples: Kaiser Permanente Administration, Westline Medical Management, Inc.

Not Included: Non-health or wellness related services

Healthcare v. Wellness: Why It Matters

In traditional studies of healthcare, only narrowly defined “health-related establishments” are included in the study population. This is done for a variety of reasons, mainly to ease data processing and limit the size of the population. For this study of wellness, the definition of healthcare was expanded upon, and thus the number of establishments and the revenue they generate includes a much greater list than normally captured by traditional healthcare studies. This study therefore analyzes a much richer set of establishments that contribute to wellness for the City of Oakland. In quantitative terms, using a definition of wellness rather than healthcare, our team captured \$2 billion more in revenue (Figure 1) and 1,000 more establishments than the traditional “healthcare” definition (Figure 2). The expanded wellness cluster contributes to Oakland’s economic competitiveness and comparative advantage to neighboring cities in the Bay Area. The Director of External Affairs at Children’s Hospital of Oakland confirmed the importance of the full cluster: “I think the multicultural, diverse, blend of traditional and nontraditional frameworks make it work here in Oakland. Very few communities have this combination of top-notch cutting edge hospitals with long-standing community health organizations.”¹⁴

Figure 1. Revenue: Healthcare v. Wellness

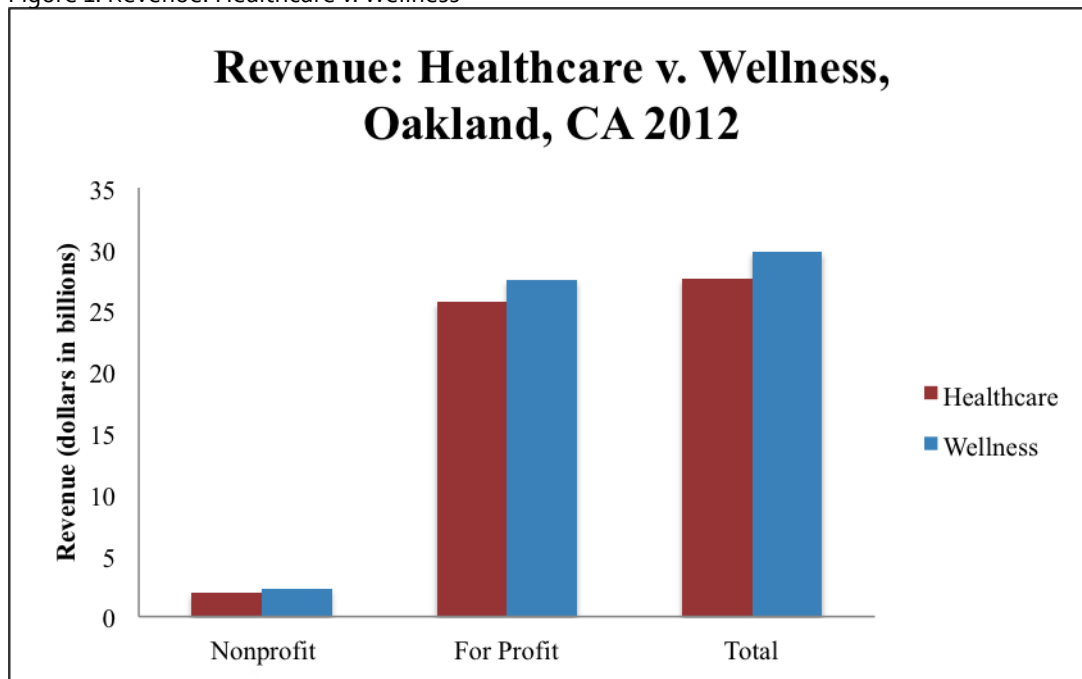


Figure 1 Source: Dun and Bradstreet, 2012; National Center for Charitable Statistics, 2012.

¹⁴ Interview with Director of External Affairs at the Children’s Hospital of Oakland conducted by Ella Wise, November 2012

Figure 2. Number of Establishments: Healthcare v. Wellness

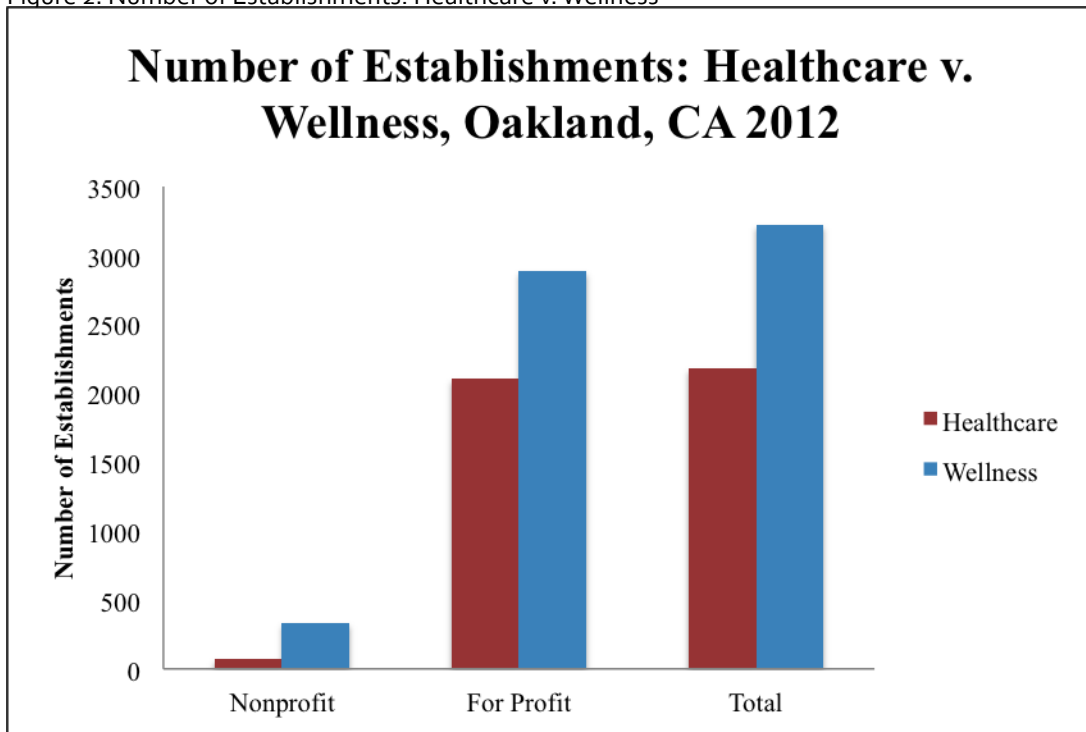


Figure 2 Source: Dun and Bradstreet, 2012; National Center for Charitable Statistics, 2012.

Wellness Cluster Analysis

Oakland's Wellness Economy: A Snapshot

The wellness cluster in Oakland has 2,981 establishments, producing about \$30 billion in revenue, and supporting 22,805 jobs in 2012. The top ten establishments by revenue include large medical centers such as Kaiser; research and advocacy foundations such as the American Cancer Society and the East Bay Community Foundation; labor unions such as SEIU United Health Care Workers; and community clinics such as La Clinica de la Raza:

Top 10 Wellness Establishments By Revenue

1. Kaiser Foundation Hospitals/
Health Plan¹⁵
2. Permanente Medical Group Inc./
Asset Management
3. Sutter East Bay Hospitals¹⁶
4. Salem Care Center
5. American Cancer Society, California
Division/Inc.
6. Children's Hospital and Research
Center
7. Public Health Institute¹⁷
8. SEIU United Healthcare Workers¹⁸
9. La Clinica de la Raza, Inc.
10. East Bay Community Foundation¹⁹

Top 10 Wellness Establishments By Employment

1. Children's Hospital and Research
Center
2. Alameda County
3. Permanente Medical Group Inc./Asset
Management
4. Health Net Inc.
5. Providence Health & Services
6. City of Oakland
7. Kaiser Foundation Hospitals/ Health
Plan
8. American Baptist Homes of the West
9. Center for Elders' Independence
10. Hospice and Home Health of the East
Bay

¹⁵ Kaiser Permanente is made up of three distinct groups of entities: the Kaiser Foundation Health Plan and its regional operating subsidiaries; Kaiser Foundation Hospitals; and the autonomous regional Permanente Medical Groups. Each independent Permanente Medical Group operates as a separate for-profit partnership or professional corporation in its individual territory.

¹⁶ Sutter includes Alta Bates and Eden Medical Centers

¹⁷ Public Health Institute is an independent, nonprofit organization dedicated to promoting health, well-being and quality of life for people throughout California.

¹⁸ SEIU United Healthcare Workers: West Coast Division Headquarter in Oakland. A statewide local union of the Service Employees International Union in California.

¹⁹ The East Bay Community Foundation is a permanent endowment of charitable funds dedicated to improving the human condition in Alameda and Contra Costa counties.

Spatial Analysis

To discern the spatial characteristics of the wellness cluster, all establishments' addresses were geocoded in ArcGIS and mapped. The establishments are located across Oakland (Figure 3). A map of establishments with more than 15 employees illustrates a concentration of larger employers west of Lake Merritt (Figure 4).²⁰ Similarly, a map of all establishments with more than \$1,000,000 in revenue illustrates a concentration of these larger revenue grossing establishments in uptown and downtown Oakland (Figure 5).²¹ To examine the influence of these larger members on other members of the cluster, all establishments located within 100 meters of either establishments with more than 15 employees or more than \$1,000,000 million in revenue were mapped. Figure 6 demonstrates the concentration of entities in the wellness cluster around larger institutions. In addition, Figure 7 shows all establishments in the area of concentration west of Lake Merritt and west of Broadway. Thus, the relationships within the cluster are spatially evident.

Figure 4. Wellness Establishments, Oakland, CA 2012



²⁰ There is no employee data available for nonprofit entities, thus this map excludes nonprofits.

²¹ As explained in the "Data" section, there is reason to believe that some establishments underreported revenue.

Figure 5. Wellness Establishments: With More Than 15 Employees

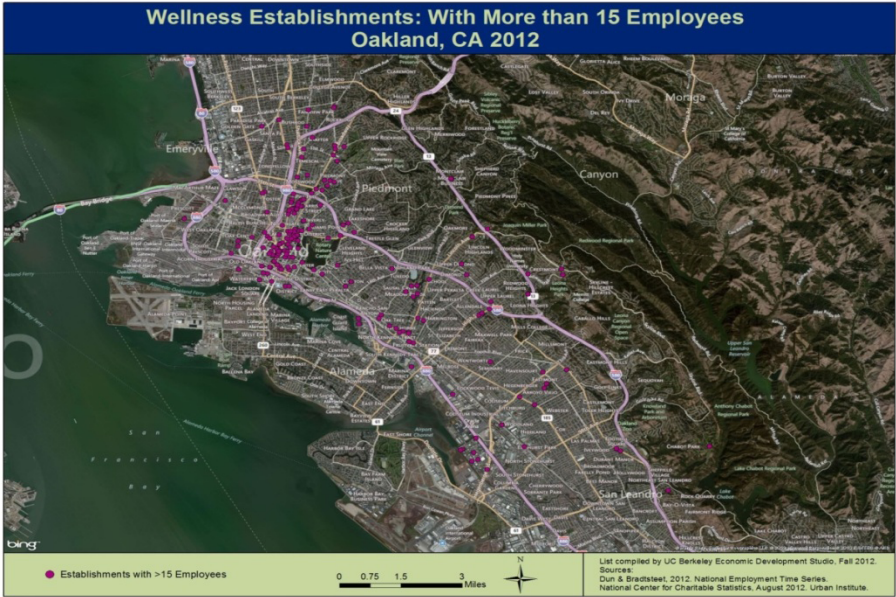


Figure 6. Wellness Establishments: With More Than \$1M in Revenue

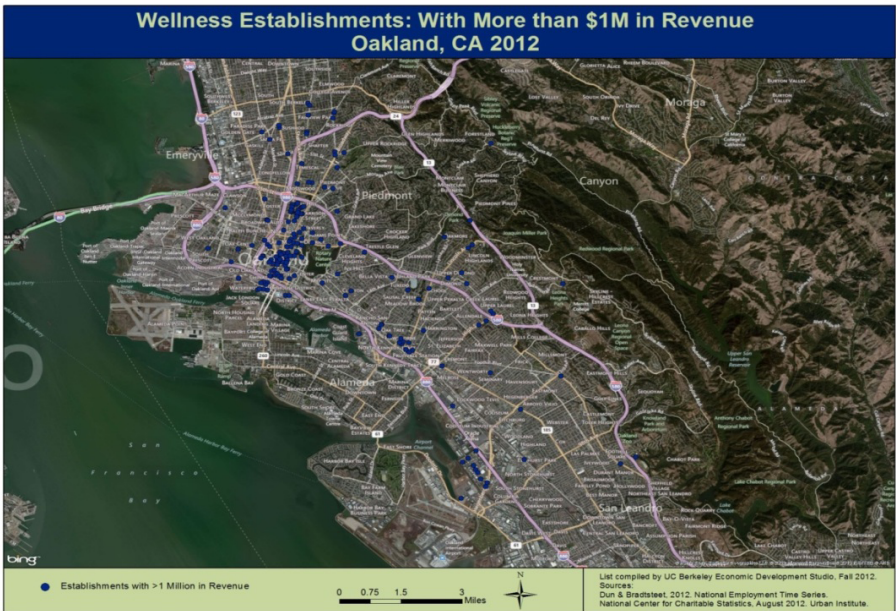
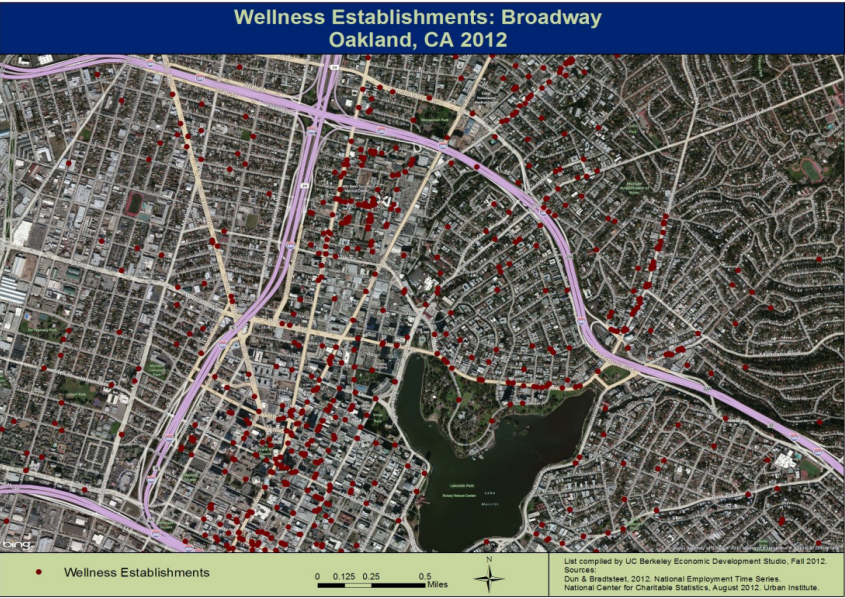


Figure 7. Wellness Establishments: Concentrations

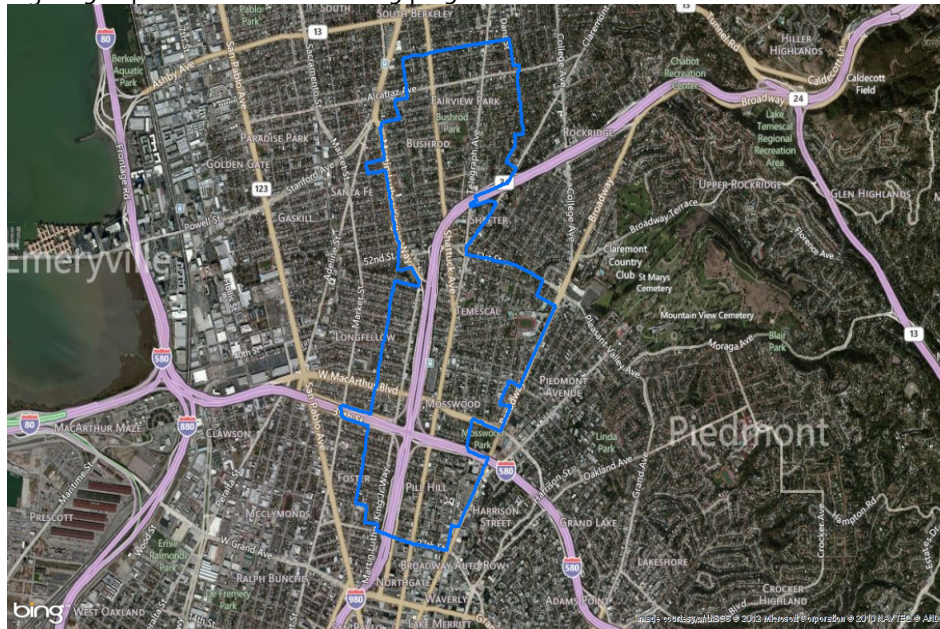


Figure 8. Wellness Establishments: Broadway



To further analyze this area of concentration, a location quotient of the NAICS Health and Social Assistance sector, by using number of employees, in Zip Code 94609 was calculated (Figure 8). Using employment data from the US Census Bureau record of County and Zip Code Business Patterns for 2005 and 2010, a concentration of about 4 was found.²² This means the percentage of employment in the Health and Social Assistance sector relative to employment in all sectors in Zip Code 94609 is four times greater than the percentage of employment in the Health and Social Assistance sector to employment in all sectors in Alameda County. Thus, this area has a large concentration of healthcare employment compared to the rest of Alameda County.

Figure 9. Zip Code Tabulation Area 94609



Source: Bing Maps, 2012; Shapefile: US Census Bureau, 2012.

²² The County and Zip Code Business Patterns data excludes self-employed, government, farm, and household employees. In addition, it does not differentiate between part-time, full-time, and temporary work.

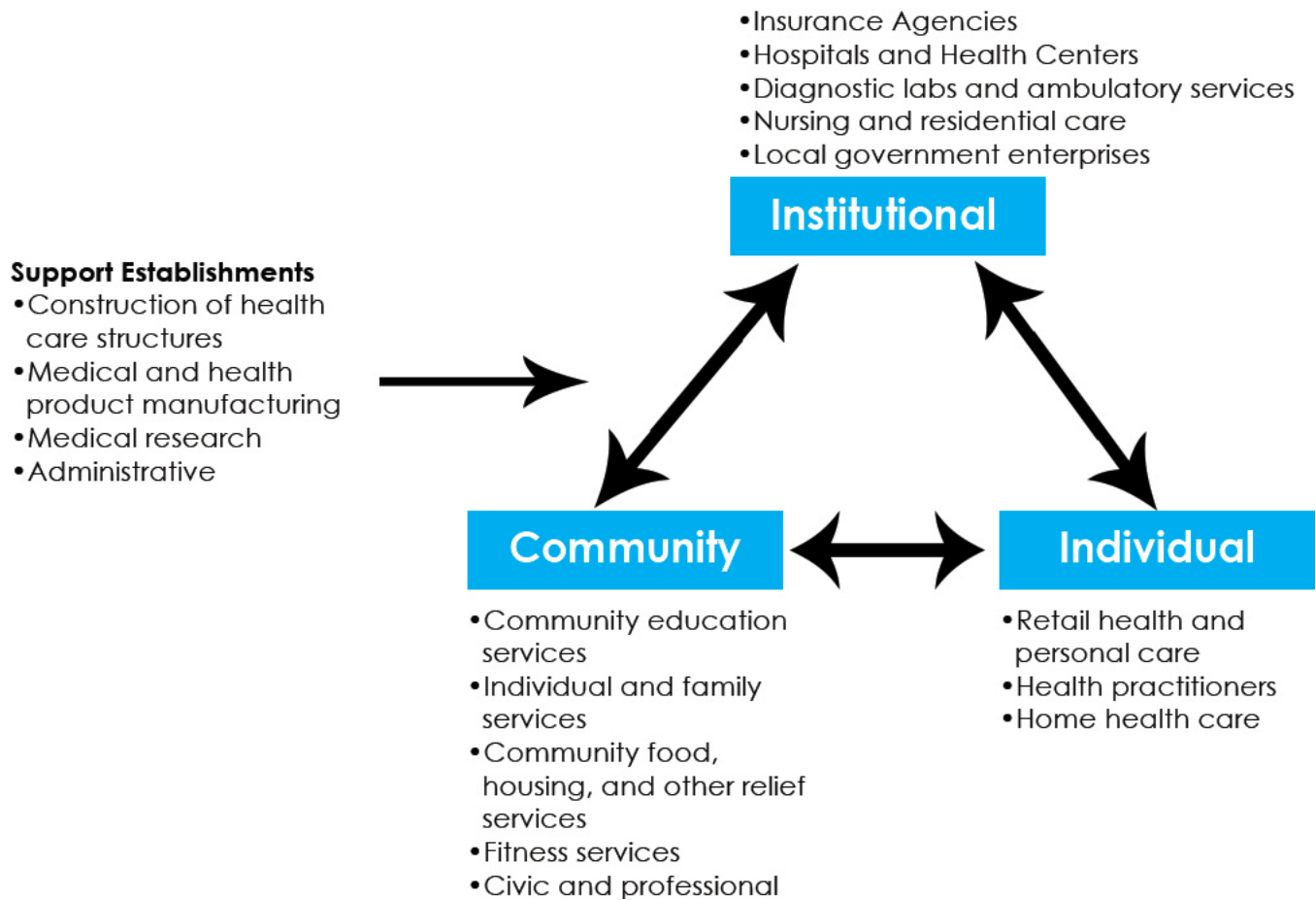
Components of the Wellness Cluster

There are three different components of Oakland's wellness cluster: the institutional, the individual and the community. The institutional, individual, and community components are used here as a conceptual framework to depict the interconnections and commonalities between the different establishments that compose Oakland's wellness cluster. The components are categorized according to three dimensions: 1.) the location where the service is provided, 2.) the beneficiaries of the service, and 3.) the service providers.

- The institutional component is bounded to a public policy or practice; therefore the service is provided mainly in public buildings, and the beneficiaries are the citizens. The service providers can be private or public entities, such as insurance agencies, hospitals, healthcare centers and nursing facilities. Providers vary from big entities like Kaiser Foundation and Children's Hospitals, to senior homes and nursing centers like the Willow Tree Nursing Center and the Neary Lagoon Senior Housing Inc.
- The community service is provided mainly in the social arena of neighborhoods and public spaces, and the beneficiaries are the community and families. The service providers are community members or non-profit organizations offering educational support in health care; counseling services for parents; food, housing and other relief services; fitness activities; and social advocacy for ethnic groups, women and children.
- The individual component is more related to the temporary fulfillment of specific needs such as personalized care and disease prevention. The service is provided mainly in private offices, pharmacies, or private residences, and the beneficiaries are individuals and families. The service providers are independent professionals such as medical doctors and other physicians; home care services for seniors and persons with disabilities; and private businesses specialized in personal care services like physiotherapeutic massage and bodywork.
- Within the cluster, there are also support establishments that provide inputs like the construction of health care structures, medical and health care product manufacturing, medical research, and administrative services. While the construction of health care structures is specific to the institutional component, manufacturing, research and administrative services serve the establishments in each of the three wellness cluster components. Pharmaceutical manufacturing, provision of medical hygiene products and natural remedies, provision of basic equipment and non-technical labor, and spread of technical knowledge are examples of the inputs these establishments provide to the wellness cluster.

Based on this framework, an Oakland wellness cluster component map was constructed (Figure 6). Later in this report the components are used to analyze the impact of the wellness cluster in the overall economy through the IMPLAN model, as well as to understand the particularities that make Oakland's wellness cluster unique.

Figure 10: Oakland's Wellness Cluster Map



IMPLAN Analysis

IMPLAN methodology and software was used to measure the impact of the wellness cluster in Oakland's overall economy. The IMPLAN software is based on an input-output model in which the impact is calculated as a measure of the monetary transactions of consumers and businesses that result from a specific input. In other words, the impact can be defined as the ripple effect of a given input in the flow of goods and services that define the overall economy. Like any economic model, this one is based on some imperfect assumptions. One of the limitations of the model is that inputs were based on the City of Oakland and outputs were for all of Alameda County, based on IMPLAN's methodology.

The input of the wellness cluster in this model is the total combined revenue of all the establishments in the cluster and the number of jobs of the selected businesses and non-profits of the D&B dataset²³. In 2012, Oakland's wellness cluster revenue was \$29.7 billion and total employment, according to the D&B data, was 22,805. These results are consistent with the fact that the Healthcare sector has always been an important contributor to the growth of Oakland's economy. According to the US Census Bureau, in 2007, all establishments in the Health Care and Social Assistance sector had an employer value of sales, shipments, receipts or revenue of \$4 billion (2012 prices), while no other sectors in Oakland showed a higher value. The next sectors to follow were wholesale trade with \$3.9 billion and retail trade with \$3.3 billion (2012 prices). In 2011 the employment in Educational Services, Health Care and Social Assistance industry composed 26.7% of total employment in Oakland and 21.1% of total employment in California²⁴.

Using Oakland's revenue as the input for this analysis, the IMPLAN model estimates a total output of \$56.6 billion, of which \$26.9 billion are indirect and induced effects. This means the selected establishments in the wellness cluster have spillover effects of \$27 billion in different sectors of the national economy. Because the establishments with the highest revenues have either a national structure or provide regional care, the impact cannot be restricted to the local level. Kaiser Foundation Hospitals and Health Plan is an example of this change in scale of the model. Kaiser Foundation provides care through eight regions in the United States, thus the Foundation's revenue of \$14.8 billion and the Health Plan's revenue of \$2.4 billion does not return to only the local economy. Similarly, the American Cancer Society with around \$1 billion in revenue is organized into twelve geographical divisions in the United States. The fact that these big health organizations locate in Oakland provides for a great opportunity to capture some of the spillover effects, creating linkages with strategies addressing particular needs of the City. Later in this Report we will refer to these particular needs.

With respect to the labor input, although labor figures are underestimated, the estimated impact depicts the importance of the wellness cluster in Oakland's overall economy. With an input of 22,805 jobs IMPLAN estimates a total output of 36,823 jobs for Alameda County. As stated before, one of the limitations of the model is that it calculates the impact for the County, not for the City. Using 2011 data from the US Census Bureau we calculated Oakland's share of total employment in Alameda County (26%). Based on that proportion, the total output for the City of Oakland is 9,574 jobs. Of those jobs, 3,644 are indirect and induced effects. Although the results are underestimated because most of the information on jobs in non-profit establishments was not available, the IMPLAN provides valuable information on the multiplier effects.

²³ NTEE did not include employment data.

²⁴ US Census Bureau, 2011. The ACS survey calculates a margin of error for Oakland of +/-1.8 and a margin of error for California of +/-0.2.

The McKinsey & Company report identifies opportunities of economic growth in Oakland by analyzing characteristics of employment like concentration, rates of change and size relative to the Bay Area. It identifies Healthcare and Social Assistance as an important sector in the economy, sharing 13% of total employment in Oakland²⁵. In addition to this, the multiplier effect estimated with IMPLAN provides valuable information about the response of the economy to a given input (in this case the number of jobs in the given industries). It represents the predictive model. The employment multiplier effect for the total input is 1.63. Oakland's concentration in employment in the Healthcare and Social Assistance industries is explained, in part, by the location of major hospitals (Kaiser, Alta Bates Summit, Children's Hospital, and Highland Medical Center) and other institutional services like nursing care facilities, medical clinics and medical labs. But, expanding the analysis of the McKinsey & Company report, the multiplier effect provides information about the linkages between the wellness cluster and other sectors in the economy that might boost local employment.

Based on the employment multiplier effect for the total input we conclude for every direct job created, another 0.63 jobs are created throughout the community. The multiplier was higher for the support establishments and the institutional component with 1.83 and 1.77 respectively (for every job created in each component, another 0.83 and 0.77 jobs are created). The higher multiplier for support establishments poses an alternative strategy of economic growth through the local suppliers of the wellness cluster. This strategy should be analyzed with respect to the three components of the wellness cluster, since the support establishments grow as their consumer base becomes stronger and more diverse.

Besides the industries in the wellness cluster, real estate establishments and imputed rental activity for owner-occupied dwellings are the industries that are affected the most from the input of the wellness cluster. These results show strong linkages between the wellness cluster and the real estate industry. Therefore, the establishments in the wellness cluster in Oakland, in particular big anchor institutions, show an important role as real estate developers of the city. Big non-profits like the Kaiser Hospital Asset Management Inc., The American Cancer Society and the Alta Bates Summit Foundation, act as real estate developers and workforce developers on the City of Oakland.

²⁵ McKinsey & Company, Taking Stock of Oakland's Economy, Oakland, 2007. <http://oaklandchamber.com/files/663.pdf>

Interviews and Focus Group

To supplement the previous quantitative, spatial, and impact analysis of Oakland's wellness cluster, interviews and a focus group session were conducted. The interview and focus group sample included fifty-six individuals representing hospitals, clinics, research institutes, senior care facilities, construction businesses, youth services, and more. The goal was to receive input from some of the wellness cluster members about business patterns, possible connections in an economic cluster, and possible gaps and opportunities to strengthen this cluster. The main questions included: What are the significant connections and gaps between business establishments and nonprofit institutions in Oakland's wellness cluster? What are the opportunities to strengthen Oakland's economic development from the perspective of these actors?

The survey was twelve questions long and took approximately 45-60 minutes to complete (Appendix A). The sample selection and survey questions aimed at providing useful inferences into economic activity that should inform public policy for economic growth. For instance, descriptions of local purchasing or shared labor force in the cluster may be strong indicators to measure the economic viability of the wellness cluster but perhaps not as precise measurements as quantitative data on outputs, sales, and employment. The sample of "key informants" was selected based on the amount of revenue the establishment reported (as a measure of importance to the Oakland economy) but also on the type of service/goods the business offers (as a tool to diversify the sample among private businesses and non-profits). These "key actors" voluntarily participated in our survey and thus are interested parties in the economic activity of the wellness cluster.

The main findings from the interviews include:

- **Diversity:** Oakland is rich with cultural diversity, a wealth of young people, and a unique blend of health services. La Clinica de la Raza, The Asian Health Services, the Native American Health Center, etc. complement the larger institutions such as Children's Hospital and their world-class research. In addition, Dr. Barbara Staggars of Children's Hospital highlighted that: "Oakland has an incredible young population under 25. They have a different level of investment because they are planning their futures... Oakland should invest more in this population and leverage [youth] initiatives."
- **Coordination:** Due to the wealth of diverse wellness resources in Oakland, there is need for coordination. Service would be improved and efficiency would be gained if there was an effort to coordinate and integrate the wellness economy
- **Employment Opportunities:** The wellness cluster provides many jobs with a variety of skills needed. Although there are workforce training programs, a better pipeline could encourage more Oakland residents to gain employment in wellness services. Dr. Anthony Iton of The California Endowment stated, "If the City is interested health, it must invest in job creation for its youth. The City should work to create seamless pipelines for Oakland's residents to get into health-related careers."

- Crime: Several interviewees stated that the economy cannot grow until businesses feel safe moving here, thus, crime reduction should be addressed first. In addition, crime, poverty, and stress greatly impact the health of Oakland citizens; a healthier populace would lower healthcare costs and create a more productive workforce.

In addition to these interviews, a focus group was held on November 14, 2012 at the Oakland Chamber of Commerce to gather members of the cluster together, gain understanding of the cluster's strengths and weaknesses, and catalyze further discussion of leveraging Oakland's wellness cluster for economic development (see Appendix C for list of attendees). Three questions from the survey were used to guide the panel discussion that followed a formal presentation of the research conducted (Appendix B).

Action Plans/ Recommendations

Based on emerging themes found through both quantitative and qualitative analysis of the wellness cluster, an action plan was developed to strengthen the wellness cluster in Oakland. The highlights of the action plan are summarized below, followed by a more in-depth discussion. This study highly recommends that the City of Oakland pursue the following action plan for its long and short term sustainable economic development.

1. Branding
 - Broad Vision: City changes negative perceptions into positive perceptions
 - Specific Action Items: Expand target audience; highlight key industries; unite similar efforts
2. Local Purchasing
 - Broad Vision: City better leverages Oakland's anchor institutions
 - Specific Action Items: Privilege local suppliers for government contracts; partner with private sector to identify potential for growing supplier capacity
3. Community Clinics
 - Broad Vision: City serves role of facilitator to enhance communication
 - Specific Action Items: Lobby for additional community clinics in under-served communities through Affordable Care Act funds; promote preventative care campaign; advertise community clinics as an asset to Oakland's residents
4. Business Assistance & Real Estate
 - Broad Vision: City assists hospitals and clinics with expansion.
 - Specific Action Items: Consider developing a system similar to LOIS; investigate the key opportunity sites for new development identified in the Broadway-Valdez Plan; create a mixed-use zone along the North End to facilitate the expansion of clinics and hospitals into the area
5. Equity
 - Broad Vision: City creates safety nets for the community that address inequality in the provision of health services
 - Specific Action Items: Land use policies to stimulate changes in the spatial distribution of goods and services; incorporate accessible green space and multi-modal transit infrastructure into under-served urban neighborhoods; map and identify the services that are being provided to the community; create platforms of communication with the citizens to allow political empowerment

Branding - The Importance of Image

One of the key concerns that arose from the November 14, 2012 meeting of wellness cluster stakeholders was Oakland's image, especially relating to crime and safety. To paraphrase one attendee, "I have trouble attracting people to my establishment because they do not feel like they can park nearby without their car getting broken into..." and another stated (paraphrase), "Potential patients bypass Oakland because they only know it as a scary place." This concern is directly related to Oakland's image or "brand" as a city. Oakland, whether justly or not, is known for crime, guns, and as "S[an] F[rancisco]'s grimy, suburban little sister"²⁶ or "...the gritty, crime-riddled black sheep of the San Francisco Bay family."²⁷ To combat this image, the Oakland Convention & Visitors Bureau (a private, non-profit) launched a tourism campaign in May 2012, but many residents were not aware of this occurrence. Rebranding contributes to sustainable economic development because positive perceptions of Oakland will lead to increased investment, and thus to more business and jobs.

City branding developed out of concern for drawing business, tourists, and future residents in the global marketplace. The goal of city branding is to target specific audiences and create a positive image for the city in order to attract investment. There are several key factors in creating a successful branding campaign. The first is to assemble a group of stakeholders from a widespread cross-section of the population. Next a city must define shared community assets and desirable attributes to create a true sense of "place identity."²⁸ After identifying what makes a city unique, stakeholders must decide what the desired outcomes of a city branding strategy entail. Is the goal to attract visitors, more business, or change resident's attitudes? How will progress towards that goal be measured? Next, decisions must be made to decide how the story or identity of the city is shared with targeted audiences. What sort of media will the campaign employ (television, radio, Twitter, Facebook, blogs)? Finally, a coherent message is crafted by deciding what initiatives will be pursued and how to achieve a clear message across various sectors.²⁹ Additionally, successful branding campaigns recognize they need to include residents in order to have an authentic image and that branding must go hand-in-hand with real action to tackle legitimate problems.

There are several cities that have struggled with negative images that have used branding campaigns to re-establish themselves as attractive places for investment and tourism. Most notably, New York City launched two branding campaigns in the 1970s following economic crisis, bad press about crime, and the loss of business to tax-free Connecticut. New York was described as "...a city...in a state of deep depression, not only financially, but psychically."³⁰ The first campaign used the tagline "The Big Apple," followed by the more successful "I Love New York" campaign. How were the campaigns successful facing insurmountable odds? The "I Love New York" campaign allowed New Yorkers to reflect inwardly on their city and why they chose to live there—it played on resident's perception of the city. The city also increased its tourism budget and launched PR events that were covered in the media, including promotion by Broadway shows and a theme song.³¹

26 "50 Things To Do in Oakland Before You Die." 7x7SF. Ed. 7x7 Editors. 6 Dec. 2012. Web. 9 Dec. 2012. <<http://ht.ly/fTil6>>.

27 Suddath, Claire. "Meet Oakland's New Spokesperson: MC Hammer." Bloomberg BusinessWeek Lifestyle. Bloomberg L.P., 13 Nov. 2012. Web. 5 Dec. 2012. <<http://www.businessweek.com/articles/2012-11-13/meet-oaklands-new-spokesperson-mc-hammer>>.

28 Ibid., 13.

29 Ibid., 13.

30 Greenberg, Miriam. *Branding New York: How a City in Crisis Was Sold to the World*. New York: Routledge, 2008. Print. 206.

31 Ibid., 210.

The campaign ultimately helped to bolster tourism and redefine New York as a destination city, rather than a crime infested, dangerous place.

It should be noted, however, that New York also spent time and energy in improving crime statistics and key areas of the city, including Times Square.

Other cities have struggled to combat negative perceptions of their city with less successful results. Cleveland, Ohio, plagued with crime and safety perceptions, is perhaps a warning of trying to create an “unauthentic image” of place. The city has changed mottos from the 1944, “Best location in the nation,” to the 1981 “New York’s the Big Apple, but Cleveland’s a Plum,” to a more regional focus launched in 2007 called, “Cleveland Plus”. In 2012, the City again called for a re-branding campaign.³² The lesson to be learned from Cleveland is the need to create a cohesive, yet authentic image that will last.

In 2011, Mayor Jean Quan said that improving Oakland’s image was a top priority.³³ The Oakland Convention & Visitors Bureau (OCVB), a private non-profit founded in 1999 and that goes by the brand “Visit Oakland,” is the leader in trying to brand Oakland for tourism.³⁴ The City lists OCVB’s link on their visitors page as its “Official Visit Oakland Website”.³⁵ OCVB launched a new marketing campaign in May of 2012 with the tagline “Oakland- To Know It Is To Love It” and used print ads, radio, and their website to feature local celebrities discussing what it is like to live, work, and conduct business in Oakland.³⁶ The campaign also signed MC Hammer, a celebrity and one-time Oakland resident, as its official tourism spokesman in November 2012.³⁷

The current campaign, however, has gone largely unnoticed by local residents and has done little to change their perceptions of the City. One glance of a week of Tweets about Oakland in December reveals a startling percentage discussing crime.³⁸ How can Oakland use its current campaign to connect with residents and change their perceptions of the city? And secondly, how can this benefit business, especially the wellness cluster?

While Oakland has much to offer, there is a lack of pride felt among residents towards the City due to issues with the government, lack of services, and a history of neglect. Residents, as seen in the case of New York, act as a city’s true image-makers. Thus, the City’s branding campaign needs to look beyond tourism towards resident perceptions by including them in the conversation of branding and working on promoting positive stories of government-citizen interaction.

32 Piiparinen, Richey. “An Illustrated History of Cleveland’s Varied Attempts at “Rebranding”” An Illustrated History of Cleveland’s Varied Attempts at “Rebranding”. Rust Wire, 14 Feb. 2012. Web. 10 Dec. 2012. <<http://rustwire.com/2012/02/14/an-illustrated-history-of-clevelands-varied-attempts-at-rebranding/>>.

33 “Improving Oakland’s Image A Top Priority For New Mayor.” CBS San Francisco. CBS Local Media, 8 Jan. 2011. Web. 9 Dec. 2012. <<http://sanfrancisco.cbslocal.com/2011/01/08/improvingoaklandimage/>>.

34 “About Us.” Visit Oakland. Oakland Convention and Visitors Bureau. Web. 10 Dec. 2012. <<http://visitoakland.org/aboutus.cfm>>.

35 “Explore Oakland.” City of Oakland, California: Visitors. City of Oakland, 2012. Web. 9 Dec. 2012. <<http://www2.oaklandnet.com/Visitors/index.htm>>.

36 Hughes, Jeff. “Oakland Invests to Boost Lucrative Meetings Industry.” Business Meeting & Entertainment Guide. San Francisco Business Times, 10 Aug. 2012. Web. 10 Dec. 2012. <<http://www.bizjournals.com/sanfrancisco/print-edition/2012/08/10/oakland-invests-to-boost-lucrative.html?page=all>>.

37 Suddath, Claire. “Meet Oakland’s New Spokesperson: MC Hammer.” Bloomberg BusinessWeek Lifestyle. Bloomberg L.P., 13 Nov. 2012. Web. 5 Dec. 2012. <<http://www.businessweek.com/articles/2012-11-13/meet-oaklands-new-spokesperson-mc-hammer>>.

38 “Results for Oakland.” Twitter / Search - Oakland. Twitter, 2012. Web. 9 Dec. 2012. <<https://twitter.com/search?q=Oakland&src=typd>>.

The current branding campaign also fails to highlight any industries beyond tourism, which includes food, art, and culture. To expand on specific clusters or sectors that it wants to promote, Oakland can use its tagline “To Know It Is to Love It” to feature key facts that highlight positive images associated with business in Oakland. Using the wellness cluster as an example, the City could feature ads that state, “Did you know that Oakland hosts some of the top healthcare facilities in the Bay Area, including Kaiser, Children’s Hospital, and Sutter Health?” or “Did you know that Children’s Hospital is the only hospital in the East Bay that is 100% focused on pediatric care?,” followed by the tagline “Oakland—To Know It Is To Love It.”³⁹

Finally, Oakland needs to use its campaign more cohesively. The Chamber of Commerce website does not mention the tagline and the City sponsors multiple websites, including ShopOakland.com and MeetDowntownOAK.com, which muddies clear messaging. The City needs one cohesive website and message that draws a variety of stakeholders, from business, to visitors, to residents, in order to create a streamlined campaign effort. The beauty of campaigns like “I Love New York” lies in their simplicity. If “Oakland—To Know It Is To Love It” is to succeed, it needs to stand out and unify all other “imaging” attempts.

Oakland has great potential and has started to carve out an identity for itself in the “To Know It Is To Love It” campaign, but it must expand its target audience, highlight key industries, and coalesce similar efforts into one simplified effort. Additionally, the campaign needs to remain authentic to Oakland—something that perhaps local stores such as “Oaklandish” have captured more comprehensively. The City could learn from locals that believe Oakland is a place “where trends are created and boundaries redefined.”⁴⁰ It must also recognize, as others cities with negative images have done, that branding is not a gloss. Real action must occur to combat problems such as crime and budget issues, especially to change resident perceptions.

³⁹ “Children’s Hospital.” Oaklandish Women’s Tees. Oaklandish, 2012. Web. 9 Dec. 2012. <<http://oaklandish.com/womens/tees/children-s-hospital.html>>.

⁴⁰ “About Us.” Oaklandish. Oaklandish, 2012. Web. 9 Dec. 2012. <<http://oaklandish.com/about>>.

Local Purchasing

One of Oakland's economic strengths is its four anchor institutions in the wellness cluster: Children's Hospital Oakland Research Institute, Kaiser Permanente, Alta Bates Summit Medical Center, and Alameda County Medical Center's Highland Hospital. Anchor institutions are engines of local economies; they are large employers and maintain a consistent transfer of goods and services. However, the full potential of anchor institutions to bolster the regional economy is often untapped. There are many innovative ways to leverage anchor institutions including local purchasing. The combined procurement budget of these four Oakland institutions is several billions of dollars, so even small shifts towards local procurement would make a great difference through both direct and multiplier effects. As stated by economic development experts, Steve Dubb and Ted Howard: "In short, combining the direct jobs from focused procurement with their multiplier effects could sustain a very significant portion of a target area's economic activity."⁴¹

There are many reasons for hospitals to localize their purchasing. Inherently, anchor institutions make heavy capital and infrastructural investments, and thus are interested in ensuring the vitality and prosperity of the communities in which they are based.⁴² More specifically, the 2010 Patient Protection and Affordable Care Act require nonprofit hospitals to conduct a community needs assessment and report on how they are meeting those needs. Hospitals can satisfy this requirement by investing in the community's economic development, specifically by working to foster new enterprises and increasing local supplier capacity.⁴³

There are many examples of hospitals increasing their local purchasing. University Hospitals in Cleveland committed to local purchasing in their 5-year strategic growth plan, Vision 2010. The efforts achieved results: from 2008 to 2011, University Hospitals in Cleveland almost doubled spending in Cleveland.⁴⁴ To further explore opportunities in Oakland, Skip Skivington, the Vice President of Operations within Finance Operations of the Kaiser Foundation Health Plan and Hospitals Kaiser Permanente and other stakeholders and experts were interviewed. The mission statement of Kaiser demonstrates their commitment to the health of the community as a whole: "To provide high-quality, affordable health care services, and to improve the health of our members and the communities we serve." This commitment is already manifested in innovative ways including the following: Kaiser joined the Regional Produce Sourcing Project to increase food procurement from Bay Area farmers;⁴⁵ invested \$7.5 million in the school-based health clinic of the Oakland Unified School District;⁴⁶ and aims to join the Billion Dollar Roundtable by spending at least \$1 billion on minority-owned suppliers.

However, as explained by Mr. Skivington, Kaiser's purchasing decisions are based on value. Unlike University Hospitals in Cleveland, they do not privilege local suppliers; in contrast, contracts are often made at a national level to benefit from economies of scale. However, some cities in which Kaiser operates, such as Atlanta and Baltimore, specifically encourage local purchasing. Kaiser has been able to maintain their economy of scale while fulfilling these goals by negotiating with suppliers who may

⁴¹ Dubb and Howard, 2.

⁴² Ibid, 1.

⁴³ Ibid, 21.

⁴⁴ Ibid, 13.

⁴⁵ Kaiser Permanente 2011 Annual Report, 39.

⁴⁶ Ibid, 20.

find local partners or establish a regional location. Unlike Cleveland, Oakland has several hospitals, thus the buying power is greater than that of just Kaiser or Children's Hospital. If Kaiser can negotiate with distributors to open new nearby locations, then a conglomerate of hospitals could probably be even more influential.

The City could foster this with their "convening" authority, as explained in an interview with Dr. Dubb. The City can organize meetings to foster discussion and collaboration. Tax abatement for local purchasing could motivate meaningful change. If nonprofit establishments need extra incentive to purchase locally, Oakland can threaten to implement payment in lieu of taxes (PILOTs). These are already implemented in several cities, including: Baltimore, Philadelphia, and Pittsburgh.⁴⁷ In addition, Mr. Skivington highlighted the work of Mayor Villaraigosa in Los Angeles. In 2011, L.A. passed the Local Preference Ordinance which gives an 8% preference to local bids for government contracts. Mr. Skivington explained "The mayor of L.A. used his bully pulpit to encourage the government and businesses to partner and increase local purchasing."⁴⁸ Thus, the City of Oakland can lead the way in local purchasing by modeling the behavior and privileging local sources in government contracts.

Increasing the demand for local purchasing is only one aspect though. As explained by one stakeholder, purchasing locally would be difficult given the current supply in Oakland. However, there are examples of cities and hospitals working to increase the local supply capacity. Henry Ford Hospital in Detroit forwards capital to local suppliers for initial financing.⁴⁹ The Sinai Health System in Chicago has developed the North Lawndale Employment Network which, among other programs, has sponsored an urban honey business that employed 74 people within 2 years of its founding.⁵⁰ The Evergreen Cooperative Initiative (ECI) in Cleveland provides an example of a robust effort to leverage anchor institutions. ECI is a group including hospitals, clinics, and Case Western Reserve University with a variety of community development programs including an Employer-Assisted Housing program. In addition, they coordinate an economic inclusion program which aims to develop new markets rather than just shifting existing business to a new location. They are also sensitive to the specific strengths and needs of the community: "Rather than concentrate on workforce training for employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Initiative first creates the jobs, and then recruits and trains local residents to take them."⁵¹ They achieve their goals by supporting a few new businesses as well as mediating research-and-development for additional new enterprises based on the needs of established anchor institutions.

Oakland could act similarly by identifying emerging markets and fostering new enterprises to meet the need. For example, the Patient Protection and Affordable Care Act will change health care and create new markets. The City of Oakland and key stakeholders could collaborate to identify emerging markets such as electronic medical records and how to support new business growth. In an interview with Dr. Steve Dubb, he explained that the City of Cleveland supported the development of the Evergreen Cooperative through zoning, helping with land acquisition, and by directing Community Development Block Grant funds to help with business capitalization.

⁴⁷Ibid, 5.

⁴⁸ Skivington, Skip. Interview on December 6, 2012. In attendance: Ella Wise, Margot Lederer Prado, and Julie Barnard.

⁴⁹Ibid, 6.

⁵⁰Ibid, 6.

⁵¹Ibid, 10.

While Oakland is assessing their zoning and permitting process for the purpose of community clinics, the City can also assess their policies in respect to new supplier businesses. In Detroit, where the City is underfunded, foundations worked with area hospitals to encourage local purchasing. With many stakeholders in Oakland's wellness cluster including the California Endowment, the City could look to local partners to help encourage hospitals to purchase locally.

Oakland's anchor institutions' immense buying power is just too great to *not* leverage more effectively. The city can drive local purchasing through partnerships with anchor institutions to increase both the demand and supply of local procurement.

Community Clinics

Currently, one in five of Oakland's 390,724 residents do not have health insurance⁵². In order to cover costs, health care systems distribute the cost of providing care to the uninsured by raising premiums. In California, the average cost shifted to premiums is \$500 per person or \$1400 per family a year⁵³. This leaves the 51,904 insured families and 142,272 insured individuals in Oakland making up the difference --roughly \$143 million annually.⁵⁴ A means of reducing such need for emergency care is through the further development and promotion of community clinics.

Although non-profit community clinics do not provide property tax revenue, their economic contribution is in job creation, drawing in federal funds, and providing cost savings. As one of the members of the wellness cluster articulated during our stakeholder discussion, Clinics treat patients who would otherwise seek emergency care at larger institutions although they are unable to pay for such costly services. This is particularly important in Oakland because it has the highest rate of uninsured residents in Alameda County, roughly 78,000 people.⁵⁵ By diverting patients from emergency care facilities, community clinics lessen the burden of caring for the uninsured. The county run, Highland Hospital is often overwhelmed by a lack of capacity. Patients in need of less urgent care could be accommodated by community clinics if they were made more known to Oakland's residents. Furthermore, clinics provide preventative care which reduces the need for acute care, suggesting an even greater cost savings is possible. As one of the members of the wellness cluster expressed during our stakeholder discussion, "If it's just economic development and what the wellness cluster does to attract businesses from a policy perspective, then it's a different discussion. People call our clinic a hidden gem. We think we are valuable to the city because we take care of hundreds of thousands of children without insurance and we have cutting-edge research".⁵⁶

In addition to serving disadvantaged communities, community clinics bring revenue into Oakland in the form of Federal funds and grants. The 2010 Patient Protection and Affordable Care Act will supply existing community clinics with \$9.5 billion nationally over five years to support ongoing operations, create new health centers in under-served areas, and expand primary care services such as oral health, behavioral health, and pharmacies.⁵⁷ An additional \$1.5 billion will be allocated to major construction and renovation projects for existing clinics. It is estimated that about \$40 million of this new flush of money will be allocated to Alameda County.⁵⁸ This will not only create jobs in Oakland, but will stimulate the construction and real estate sectors. Since the beginning of 2009 there has been a national increase in community health centers' employment by 15%. In 2012 and 2013, Care grants will help fund an additional 6,000 jobs in community clinics. Beyond peripheral economic stimulus the 2010 Patient Protection and Affordable Care Act will expand coverage to roughly 39,000 of Oakland uninsured residents.

⁵² Alameda County Health 2010, The Health of Alameda County Cities and Places, p216.

⁵³ Center for American Progress 2009 Cost-Shifts From Uninsured Increases Premium in Every State.

⁵⁴ MTC-ABAG Library 2010 Bay Area Census, City of Oakland.

⁵⁵ Alameda County 2010, The Health of Alameda County Cities and Places, p 215.

⁵⁶ Cynthia Chiarappa, VP of Strategy for Children's Hospital

⁵⁷ Affordable Care Act 2011, Community Health Centers and the Affordable Care Act in 2011: Increasing Access to Affordable, Cost Effective, High Quality Care

⁵⁸ Ibid.

Oakland is rich with non-profits in the wellness cluster, but lacks coordination among stakeholders. The city could take initiative and coordinate between its residents and the health amenities available to them. “Having more coordinated systems could help the sector grow. If someone played that role and brought all the stakeholders together it could make care more cohesive”.⁵⁹ This could be accomplished by outreach to residents, assisting in promoting preventative care or prevention programs, and making residents more aware of the community clinics in their neighborhoods. The City also has the opportunity to provide recommendations to the county and lobby for new locations in Oakland with the most need for additional access to care facilities. Oakland’s community clinics not only serve as primary care providers but cater to the specific needs of Oakland’s diverse population with ethnically focused organizations. Beyond playing an important role in the lives of those they treat, they fill an important place in Oakland’s economy.

⁵⁹ Interview with Chris Salm, Chief of Strategy and Government Affairs at the Center for Elderly Independence

Businesses Assistance & Real Estate

The issue of business assistance and real estate was raised at the November 14, 2012 focus group held for wellness cluster stakeholders in Oakland, California. Specifically, participants of the discussion noted difficulties with zoning and permitting, relating to expansion of both hospitals and community clinics. Real estate was also raised as an issue where clinics, as well as hospitals, require additional space; however, a trade-off must be made since such space would displace the City's housing stock. In response, members from the City's Office of Economic and Workforce Development offered a few solutions. They included:

- Help with expedited approvals;
- Special zoning;
- A "wellness corridor" and;
- Creating a "special district" for services

Currently, the City of Oakland does offer business assistance through its Oakland Business Assistance Center.⁶⁰ The Business Assistance Center offers services in starting a new business, (such as helping to assess whether a potential business owner is ready to start a new business) determining whether a market exists for a particular business venture, planning, finding a location, zoning regulations that may affect a business owner's property, obtaining a fictitious business name, business licenses, and any required inspections, permits and fees.⁶¹ Individuals who wish to take advantage of such services must complete a request for BAC assistance.⁶²

The State of Illinois has a program similar to that of Oakland's Business Assistance Center, via the Illinois Department of Commerce and Economic Opportunity.⁶³ What's unique about the Illinois model is its Location One Information System, or LOIS. Using this system, potential business owners can conduct statewide, and multi-regional searches for available sites, and buildings.⁶⁴ Similar information can be found on Oakland's BAC website. For example, on the site's "find a location" page, links for vacancies in the Grand Lake Neighborhood, and the Fruitvale Village can be found at the bottom of the page. However, clicking on these links takes the user to webpages that cannot be found or fail to open. Furthermore, direct contact information is listed on the Illinois site for those who cannot find their ideal site or building,⁶⁵ while no such information is contained on Oakland's BAC website.

At the very basic level, the City should look into developing a system similar to that of Illinois to assist potential start-ups, and small business owners in site, or building searches, respectively. In the immediate future, the City of Oakland should monitor the BAC website more closely to ensure that links to vacant sites are functioning correctly. Moreover, listing a direct contact for potential small business

60 City Of Oakland. Oakland Business Assistance Center. Retrieved December 9, 2012, from <http://oaklandbusinesscenter.com>.

61 http://oaklandbusinesscenter.com/index.php?option=com_content&task=blogcategory&id=34&Itemid=59

62 An online form can be submitted at http://oaklandbusinesscenter.com/index.php?option=com_content&task=blogcategory&id=34&Itemid=59.

63 Illinois Department of Commerce and Economic Opportunity. (n.d.) Advantage Illinois. Retrieved December 9, 2012, from <http://www.ildceo.net/dceo/>

64 http://www.ildceo.net/dceo/Bureaus/Business_Development/Resources+and+Support/Location+One.htm

65 Ibid.

owners who seek further assistance may alleviate some of the difficulties with associated with zoning, permitting, and real estate, as mentioned above.

In regards to real estate, and the solutions suggested at the focus group, the Broadway Valdez District Specific Plan may offer some guidance.⁶⁶ The Broadway Valdez Plan "... identified the Broadway Valdez District as the City's best opportunity to re-establish a retail core..."⁶⁷ Of note is the area north of 27th avenue along Broadway, referred to in the plan as the "North End."⁶⁸ Here, "the focus... will be on creating a high-density mixed use boulevard that caters to adjoining medical complexes and residential neighborhoods with a mix of office, retail, residential and professional services."⁶⁹

Three sites (between 29th Avenue and Hawthorne Avenue) have been identified as "key opportunity sites for major new development."⁷⁰ The authors also place emphasis on the renovation and re-purposing of existing buildings along the Broadway corridor. Here, the City should investigate obtaining these sites as they present opportunities for hospitals, clinics, and medical suppliers who may wish to expand, or relocate near the medical centers, in the area. The City should also pursue the Broadway Valdez vision of creating a "mixed use boulevard,"⁷¹ along the Broadway corridor.

66 Wallace Roberts & Todd, LLC. (2011). Broadway Valdez District Specific Plan. Retrieved December 10, 2012, from <http://www2.oaklandnet.com/oakca1/groups/ceda/documents/report/oak032417.pdf>

67 See Id at 1.

68 See Id at 8.

69 Id.

70 Id at 14.

71 Id.

Health Equity

According to key actors of the wellness cluster, inequality in access to health and wellness services is rampant in Oakland. Health services are concentrated in uptown and downtown Oakland, with most of the under-served population located in west and east Oakland. This poses a great challenge to the City. If wellness can be thought of as the ultimate investment towards economic development, the City needs to invest in healthy and motivated individuals who will be able to contribute to economic growth. The City is already working towards this goal through actions like expanding school health centers, expanding access to healthy food, and providing food and shelters. Despite these efforts the city needs to take actions that have an impact at the city level, and thus create and maintain a healthy and safe environment for all residents. To create a healthy city is to recognize all members of the community have a role in creating healthy places. The following recommendations embrace the previous statement and address specific actions the city could take to create and strengthen safety nets for the community.

With the changes that are about to take place with the implementation of the Patient Protection and Affordable Care Act, specifically with the efforts that will come from the Federal government and Alameda County to enhance the access to affordable health insurance, new opportunities will be created to address inequality in the access to health services. However, access does not necessarily mean better health outcomes. To strive for better health outcomes the City needs to impact the social determinants of health; eliminating health disparities requires addressing issues like access to education, adequate housing, public transport and livable places. The City of Oakland can play a major role in that process.

The Healthy Cities project for the European Region, launched in 1987, identified the natural and built environment as a critical determinant of health equity, because most disadvantaged populations typically inhabit locations and settings that are less conducive to good health⁷². A set of reports funded by The California Endowment confirm the case for Oakland, concluding that negative outcomes for young men of color are a result of growing up in neighborhoods of concentrated disadvantage⁷³. Further evidence of this is the answer of African American youth to the question (what makes a community healthy?): it is a place where their friends are not buried before they are old enough to vote, where there are fewer liquor stores than grocery stores.⁷⁴ Some actions have been taken by the City to face these challenges. Recent redevelopment efforts and the construction of nine community gardens in 2010 are examples of it. Although these are good approaches, the City should introduce new land use policies that stimulate changes in the spatial distribution of goods and services such as food retailers and recreational amenities. These policies should follow a strategic plan to cover different bases of the problem.

To do this, the City needs to start mapping health inequalities, depicting specific needs of specific areas. For example, West Oakland residents are five times more likely to be hospitalized for asthma than average California residents.⁷⁵ Therefore, the City should create more access to green spaces and ventilation systems in this area. Other examples of inequalities are related to overweight rates

⁷² World Health Organization, Addressing the Social Determinants of Health: the urban dimension and the role of local government. Copenhagen, 2012. http://www.euro.who.int/__data/assets/pdf_file/0005/166136/UrbanDimensions.pdf.

⁷³ California Endowment. The importance of Place to the Health of Boys of Color. Oakland, June 2012. <<http://www.calendow.org/uploadedfiles/publications/bmoc/the%2ocalifornia%2oendowment%2o-%2ohealthy%2ocommunities%2omatter%2o-%2oreport.pdf>>.

⁷⁴ Phillips, Place Matters, 2010. <<http://www.pbs.org/wnet/tavissmiley/blogs/staff-guest-blog/place-matters-health-and-boys-of-color/>>.

⁷⁵ Oakland Berkeley Asthma Coalition, Oakland 2004.

and mental disorders. In Oakland the overweight rate for children by school district was 36% in 2008, higher than the rate for the County (29%). The rate was higher for African American, Latino and Pacific Islander populations with: 38%, 43% and 59%, respectively. The Emergency Department visits for mental disorders in 2006-2008 were the second highest in the County with 1,087 visits per 100,000 inhabitants. Among those visits, the highest rate corresponded to African Americans with 1,788 visits per 100,000.⁷⁶ Several research projects have acknowledged that access to green spaces and transport, are positively related to mental health and reduction in obesity rates.⁷⁷ The City should map these disparities and incorporate accessible green space and multi-modal transit infrastructure into the under-served urban neighborhoods. Local initiatives under action have already acknowledged these goals. The California Endowment agenda "Building Healthy Communities", is promoting pedestrian safety, upgrading equipment in parks and playgrounds, and advocating for the construction of sidewalks, bike paths and other parts of the built environment in various neighborhoods. The City should boost these initiatives, but should not treat each as isolated policies. Maps on health inequalities should be used to develop a strategic plan, addressing inequalities through coordinated policies of spatial intervention.

The City of Oakland is unique due to its great diversity in community-based organizations and community clinics that create different kinds of services (healthcare, advocacy, family council, healthy food etc.) for disadvantaged populations. The City should capitalize on its diversity. The City can accomplish this by leveraging community clinics through coordination, as discussed before, and improving the access routes to the community-based organizations, creating new development around the transport stops and providing access to adequate public spaces where members of the organizations can relate in different ways with the community. To do this, the City needs, again, to map and identify the services that are being provided by the community to identify the areas where intervention on the natural and built environment would be more beneficial and effective.

Through training and volunteering programs, community-based organizations represent a pathway to the labor market for people that are usually not looked at because they lack the required college degrees or labor experience. In 1998 a study of Oakland's inner-city economy established that an ethnically diverse labor force was critical for service-oriented businesses such as home health care.⁷⁸ Therefore, the created pathway to the labor market, although small in terms of the number of jobs created, represents a potential to consolidate a strong labor force for service-oriented businesses. The City should acknowledge this potential and facilitate coordination between community-based organizations, technical education establishments and other service-oriented businesses to enhance these practices. As such the City of Oakland should empower its role as an authority capable of mobilizing intersectoral action to address the potentials of community-based organizations more effectively.

Interaction with the citizens is crucial for the development of policies on health equity. The City should create new platforms of communication with the citizens to allow political empowerment and therefore improve the processes of decision-making through better understanding of health inequalities and community concerns. For this purpose, the city should make use of social media, the Internet and community-based organizations to interact with the citizens. Furthermore, the City could learn from

⁷⁶Alameda County, The Health of Alameda County Cities and Place, Oakland 2012. <<http://www.acphd.org/media/52883/ac2010.pdf>>.

⁷⁷ See Ibid. World Health Organization.

⁷⁸Shelby, Cletis, Recent Study Supports the Competitive Advantages of America's Inner Cities, Oakland 1998. <http://www.frbsf.org/publications/community/investments/crag8-2/innercities.html>

best practices in citizen political empowerment. Portland, Oregon, is well known by its deeply rooted neighborhood participation in the local political culture. Citizen participation in Portland works through a city funded network of non-profit neighborhood associations with active cooperation and support of the local government. The local government is active in providing training for neighborhood activists and establishing an early notification process about city actions to the neighborhood organizations.⁷⁹ These strategies of public participation could be adopted by the City of Oakland to empower the under-served population and achieve better representation of their concerns and interests with respect to wellness.

⁷⁹Adler, Blake, The effects of formal citizen participation program on involvement in the planning process, 1990. URL: <http://www.jstor.org/stable/4354975>

Conclusion

This report provides data and recommendations as a framework to inform the City of Oakland's economic development strategy. Oakland's set of anchor institutions, small businesses, and community-based organizations offer a wealth of resources, with even greater potential for growth. These assets can better serve the economic and social needs of the City by ***formulating a comprehensive branding campaign; leveraging the purchasing and hiring power of anchor institutions; enhancing the role of community clinics; assisting hospitals, clinics and businesses with permit and zoning processes; and creating safety nets for the community to address inequalities in the provision of health services.*** Most importantly, collaboration and coordination between the City, local businesses and nonprofits, and Oakland's residents will be necessary to create sustainable change.

Appendix A. Survey Questionnaire

Introduction: We are trying to understand what the relationships and synergy are between health and wellness in Oakland, if any, and if the City can capitalize on those relationships to create more of an economic impact. We are exploring connections between different sectors that may contribute to a wellness economy that includes hospitals and doctors' offices of the traditional healthcare sector as well as research facilities, food banks, and little leagues.

(If you want to further explain the difference between our study and a more traditional one: "In order to redefine the narrow understanding of the "health sector," we use the idea of a "cluster." A "cluster" is an agglomeration of institutions and organizations that are from various sectors but are linked by spatial proximity, commonality, and complementarities (Michael Porter, "Location, Competition and Economic Development: Local Clusters in a Global Economy," 2000.) Therefore, Oakland's wellness cluster encompasses hospitals and doctors' offices of the traditional healthcare sector as well as research facilities, food banks, and little leagues.")

1. How would you define health and wellness and what does a health/wellness economy look like in Oakland? (Or: "What is health in the Oakland context? What is wellness in the Oakland context?")
2. Aside from hospitals and care facilities, can you think of any examples of organizations in Oakland that contribute to health/wellness that people might not normally consider? How do these organizations interact with each other?
3. How do you see the healthcare sector and more broadly, the wellness economy, contributing to Oakland's economic vitality? Are there any ways it contributes to Oakland's revenue stream and services?
4. How does your organization contribute to a wellness economy? To Oakland's economy?
5. How would you compare Oakland's wellness economy to other cities in the US? (i.e. Does Oakland have a strategic advantage or disadvantage?) Can you draw a comparison between your organization and any others? Can you identify and niche or emerging sectors in health/wellness?
6. Generally, what are the strengths and weakness of doing business in Oakland?
7. How could you work more effectively? Is there anything the City can do meet the needs of your organization? (Possible follow-up: What is the wellness cluster's biggest need? How could the City help meet it?)
8. Does your organization have any local purchasing or local hire policies? Follow up: One of the ways to grow the economy is through local purchasing or local hiring -- are there certain functions, institutions, or policies that could enable this?
Note: Local could be defined as the city, the county, or the region. In this case, we are referring to city boundaries.
9. Does your organization have partnerships/associations with other organizations or businesses (e.g. high schools, universities, health centers, pharmacies)? Who are the top 5 people or firms you interact with?
10. Who would you consider a leader in your sector and why?
11. Where does innovation in your field come from? Can you identify a venue or activity for developing new ideas?
12. Would you be open for any follow-up research questions that may develop?

Appendix B. Focus Group Questions

Question #1: Is there a wellness cluster in Oakland, and if so, what makes it unique with respect to other cities in the US? What is its competitive advantage or disadvantage?

Question #2: How do you see the wellness cluster contributing to Oakland's economic vitality? How could it better be leveraged?

Question #3: As members of Oakland's wellness cluster, what is your biggest need? What is the cluster's biggest need? How could the City help?

Appendix C. Healthcare/ Wellness Presentation and Discussion

Date: Wednesday November 14, 2012 3:00-4:30 pm

Location: Oakland City Hall, Hearing Room Number 3

Attendance:

- Margot Lederer Prado, Senior Economic Specialist: Commercial-Industrial at City of Oakland Office of Economic & Workforce Development
- Julie Barnard, Intern at City of Oakland Office of Economic & Workforce Development
- Eleanor Hollander, Economic Development Director at Oakland Metropolitan Chamber of Commerce
- Aliza Gallo, Economic Development Coordinator at City of Oakland.
- Anita Addison, Director of Planning at La Clinica de la Raza
- Cynthia Chiarappa, VP of Strategy at Children's Hospital
- Ericka Maldonado, Patient Services Support at Lifelong Medical Center
- Julie Hadnot, Public Relations at Kaiser
- Sandra Davis East Oakland Program Manager at California Endowment
- Cindy Young, Special Projects Coordinator at California Nurses' Association
- Anne Sunderland, Communications and Development Specialist at Public Health Institute
- Andreas Bella, Director of Development at Academy of Chinese Culture and Health Services
- Karen Chapple, Associate Professor at UC Berkeley
- Priscilla Minaise, Leah Stockstrom, Ari Takata-Vasquez, Maria Atuesta, Marvin Nettles, Ella Wise, Master of City Planning students at UC Berkeley