

# Cuyahoga County Economic Development Plan

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## Year Five

June 1, 2015

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## Executive Summary

By *Charter*, Cuyahoga County annually presents a *Five Year Economic Development Plan* to define and prioritize its development goals and strategies.

Initially created in 2011, the *Plan* set forth a new model for county investments that foster strong, economically sound communities, drive business growth and create jobs and opportunity for residents. The resulting plans and subsequent actions developed the county's expanded role in regional economic development. A number of development programs were introduced and honed to induce job creation and spur physical development.

However, the first four years focused on outputs primarily measured in terms of investments made by county government and related job creation by private businesses, and did not extend to measures that focused on outcomes that demonstrated improvements for the benefit of the county's residents.

Since the bottom of the 2009 recession, the state and the nation have outpaced the region and Cuyahoga County in job growth. Assessing job growth from the peak of the 2009 recession to the end of 2013, the number of jobs in Cuyahoga County increased 3.9% to 716,386. Over the same period, jobs increased 4% in the 18 counties of Northeast Ohio, 6% in Ohio and 7% in the U.S. Despite being central to the region's economy, Cuyahoga County's unemployment rate remains higher than the statewide average, and higher than many surrounding counties. Unfortunately, our efforts did not go far enough in the first four years to significantly impact this trend.

For the *Plan's* fifth year, the county will transition to a new phase that builds upon the county's development programs and allocated resources in the prior four years. Significantly, this year's *Five Year Economic Development Plan* seeks to increase emphasis on broadening participation in economic development outcomes: throughout the year, the department will join other county departments to define and achieve goals that demonstrate incremental growth for the county's businesses and residents. This effort will require improved coordination with other county departments, economic development organizations and non-county agencies.

Development priorities will be broadened and better aligned with county government priorities and tailoring economic development investments towards Innovation, Revitalization and Competitiveness.

### Vision

Cuyahoga County is a vibrant, economically competitive place that fosters innovation and entrepreneurship while creating jobs, opportunity, and prosperity for businesses and residents.

Our vision is defined by the *Plan's* priorities.

### Mission

Expand Job Growth and Opportunity in Cuyahoga County through partnerships and strategic investments that foster economic growth and create vibrant, healthy and welcoming places for businesses and residents to prosper.

Our mission is achieved through the *Plan's* Action Steps and Investment Approach.



## Cuyahoga County Priorities for Government and Development

To fulfill the mission and realize the vision, the *Plan* has an integrated investment strategy that identifies three fundamental economic development priorities:

### Job Growth and Opportunity

Cuyahoga County will attract and support businesses as they create and grow jobs at all levels. Creating job openings, alone, is not enough. The county will also emphasize job access and preparedness to help people qualify for and secure open jobs throughout the county. To attract and retain the talent needed to fuel business growth, we must keep our cities and neighborhoods vibrant.

### Fairness and Equity

To grow economically, we must address the fundamentals of equality and fairness in the marketplace. In addition to addressing macro issues of health, education and quality of life matters, our cross-sector efforts to improve our region's economic competitiveness must embrace inclusion, collaboration and sustainability for the benefit of all county residents.

### Government that Gets Results

County government will be a solutions-driven partner in our region's cross-sector efforts that is efficient, effective, and accountable.

## Investment Approach: Innovation, Revitalization and Competitiveness.

The County's development investments will reflect the *Plan's* mission and priorities through a united approach towards Revitalization, Innovation, Competitiveness and Place-Based Investments. Implementing this strategy will help establish a vibrant, economically competitive region, creating jobs, opportunity and prosperity for all residents.

However, the government of Cuyahoga County is one actor among many that influence county growth and opportunity. Accordingly, the investments outlined in the *Plan* are but one part of what is required to improve outcomes. For the county to be successful, many of the other actors in the economic development ecosystem must also be successful. Cuyahoga County will emphasize integrating county programs and activities to complement – and lead, where appropriate – the roles of other participants in the economic development ecosystem.

Throughout Year Five the Department of Development will update the economic development investment strategies and partnerships—including financial participation—with other development stakeholders.

# Cuyahoga County Priorities for Government and Development

## Priority 1: Job Growth + Opportunity

### Building on Our Base

Leveraging and harmonizing our unique assets is critical to creating an environment for a competitive economic landscape. Cuyahoga County boasts assets that are the envy of other regions, including a strong manufacturing base, world-class healthcare institutions, unmatched cultural institutions, access to abundant fresh water and existing infrastructure (from roadways and railways to information superhighways) with capacity to accommodate growth.

Increasingly, studies have shown that, when determining where to start or relocate, businesses' principle consideration is how location will affect their organizations' ability to operate and grow.

Similarly, place-based development reduces the public expense of economic development by capitalizing on region's human capital, infrastructure, community and neighborhood assets, institutional and industrial strengths, and cultural resources that are already in place. This approach hastens fiscal and economic sustainability and future economic growth. Implementing a place-based development strategy to complement a business development strategy provides a framework for attracting and retaining businesses and high skilled, talented workers.

### Focus on Retention, Expansion and Attraction

The region is redoubling its effort to emphasize business expansion. A renewed focus on expansion of the businesses already located in the region is consistent with leveraging the above-mentioned investment priorities and further strengthens efforts to improve and maintain job access – critical to successful workforce development programs.



Attraction of growing and relocating businesses remains a priority for county government. Publically-led efforts should be matched with private sector participation to actively recruit and persuade businesses' suppliers, customers and peers.

Visitor attraction remains a priority for the region and its partners. Short term economic benefits from visitors help grow some aspects of the region. Positive visitor experiences—at premier sports venues, convention facilities, and rejuvenated destinations—strengthen business attraction and brain gain efforts for proven long term impact.

### Integration with Proven Talent and Workforce Development Models

Federal, state and now regional change is afoot in our publically-funded workforce development efforts. This plan's actions will embrace proven solutions and promising emerging practices that improve the region's educational and talent development systems.

## Priority 2: Fairness + Equity

### Inclusive

Inclusiveness is a major component in determining the economic competitiveness of a region. According to research by the Cuyahoga County Economic Inclusion Task Force, per capita income across the Cleveland metropolitan area is \$40,849, while in the City of Cleveland, per capita income stands at \$15,540. Economic disparities such as per capita income threaten the vitality of our economy.

Traditionally, addressing this opportunity gap has been left to Health and Human Service programs and educational systems. Oftentimes, programs' well-served clients are poorly connected with real employment opportunities. County HHS programs serve hundreds of thousands of county residents each year and offer these residents resources to improve their lives. These services support human capital development and market development. Stable families and communities are an employment and customer pool that support business growth and wealth acquisition. Effective educational initiatives and programs are no different. Connecting these programs once considered the province of Health and Human Services must be foundational to the county's overall economic development strategy.

In order to become a transformative region, the County is striving to be an economically welcoming place, providing opportunity to economically isolated populations as well as to newcomers, both transplants and immigrants. The success of the County is inextricably tied to the success of historically isolated populations. As part of business growth, we should work to grow the number and size of female and minority-owned enterprises, expand access for minority and economically isolated residents to educational training and business opportunities, and build a sustainable system that generates economic access and opportunities for all residents, particularly historically isolated populations.

### Collaborative

A collaborative ethos that is shared by the cities, businesses and organizations that shape development outcomes is critical to regional success. County investments in development will reflect this need by joining programs offered by the state and tailored to growing businesses' needs.

Improved communication and connectivity is still desired by all of the formal participants of the economic development ecosystem, notably cities and representatives of regional and statewide economic development organizations.

Lastly, excellent advocacy to shape state and federal policymaking is desired and begs for improved cohesion in our region. Collaborating on advocacy efforts is more effective than go-it-alone efforts.

### Sustainable

Sustainability is the responsible management and allocation of resources. The concept is comprehensive. Sustainable investments utilize resources in a manner that ensures lasting economic growth that maintains the integrity of the social, environmental, and economic quality of the region. Where possible, county investments should promote redevelopment over new development, support energy efficiency programs, encourage investments that use renewable resources, and promote better transportation choices.

## Priority 3: Government That Gets Results

### Results Oriented

We must create an environment where county government prioritizes business growth and helps businesses navigate the maze of government bureaucracy. Much has been made of the county's aspirations for "no wrong door" for members of the public; the same expectation will be set so that government is accessible to business.

### Transparent and Public

In order to ensure the economic development plan put forth in this document is implemented successfully, the County has put a process in place for monitoring decision making and measuring performance. The Department of Development is managing the process within its organization and benefitting from the input and expertise of Cuyahoga County Community Improvement Corporation (CCCIC). An amalgamation of business professional and department staff, the CCCIC reviews and recommends economic development incentives and awards. The CCCIC's ability to make objective and uncompromised recommendations consistent with the County's economic goals and objectives is vital.

The County Council and County Executive have final authority over investments consistent with the County's contracting and procurement ordinances. Transparency and reporting outcomes are critical priorities throughout county government, and especially for economic development.

All meetings that determine the outcome of an investment are public meetings with publically available minutes, agendas and are always open to the public.

### Accountable and Measured

As the County strives to strengthen its global competitiveness and economic vibrancy, it is essential to measure investment performance, assess economic progress, and examine industrial trends. This analysis has helped the County evaluate investments, monitor program outcomes, and study the overall performance of the economy to determine trends and best practices. The key measures are tracked in the Economic Development Dashboard produced quarterly by the Department of Development. It is also important to select and monitor metrics that indicate the outcomes of County programs and reflect the economic competitiveness of the county over time.

The first four years focused on outputs in terms of investment and job creation, but left wanting for improved outcomes that benefited the county's residents. The output leveraged significant private investment and job creation: 148 county loans & grants closed; 3,394 jobs created; 6,183 jobs retained; \$42 million in loans & grant funding; \$297 million leveraged. Despite this activity, the region's (18 counties in Northeast Ohio) outcomes have underperformed the state and nation. The discord signals room for improvement in coordinating outputs with desired outcomes, in partnership with public and non-public participants in the economic development ecosystem.

## Full Stakeholder Engagement

Among the opportunities for improvement in development outcomes is better engagement with all stakeholders and partners in economic development—inside and outside county government. The county will coordinate investments and strategies across traditional departmental boundaries. By embracing shared priorities, county departments and administrators will focus on achieving shared goals. However, government cannot get results without the participation of the many non-profit, private and indeed other public agencies. Their participation in planning and coordination to achieve outcomes is a priority of this *Plan*.

## Partners and Actors: Agency-Agnostic Approach to Development

The Charter requires the Five Year Economic Development Plan be driven and presented by the County Executive and Director of Development. However, myriad public agencies and departments fund and administer efforts that affect the county's growth and opportunity.

The *County Charter* establishes the Economic Development Commission to formalize the broader approach to economic development. In addition to county government, Commission members are tasked by the *Charter* to lead their constituencies' cooperation in efforts that enhance "the prosperity and well-being of the County and its residents and communities."

This year's plan commits the Economic Development Commission to agree upon shared goals for our region related to job growth and opportunity, and an action plan that focuses on all sectors and partners represented on the Commission, in addition to Cuyahoga County government.

Development outcomes are driven by many stakeholders, yet economic growth has been the province of the Development Department. Expanding the charge to improve *outcomes* for our residents requires the coordination of programs and county expenditure among many spheres traditionally excluded from economic development.

The administration will identify the areas where better coordination is needed, set strategies for desired outcomes and articulate goals to measure achievement outcomes. The Department of Development expects that development programs will be sharpened to measure program outcomes or share program requirements with activities from other spheres, including:

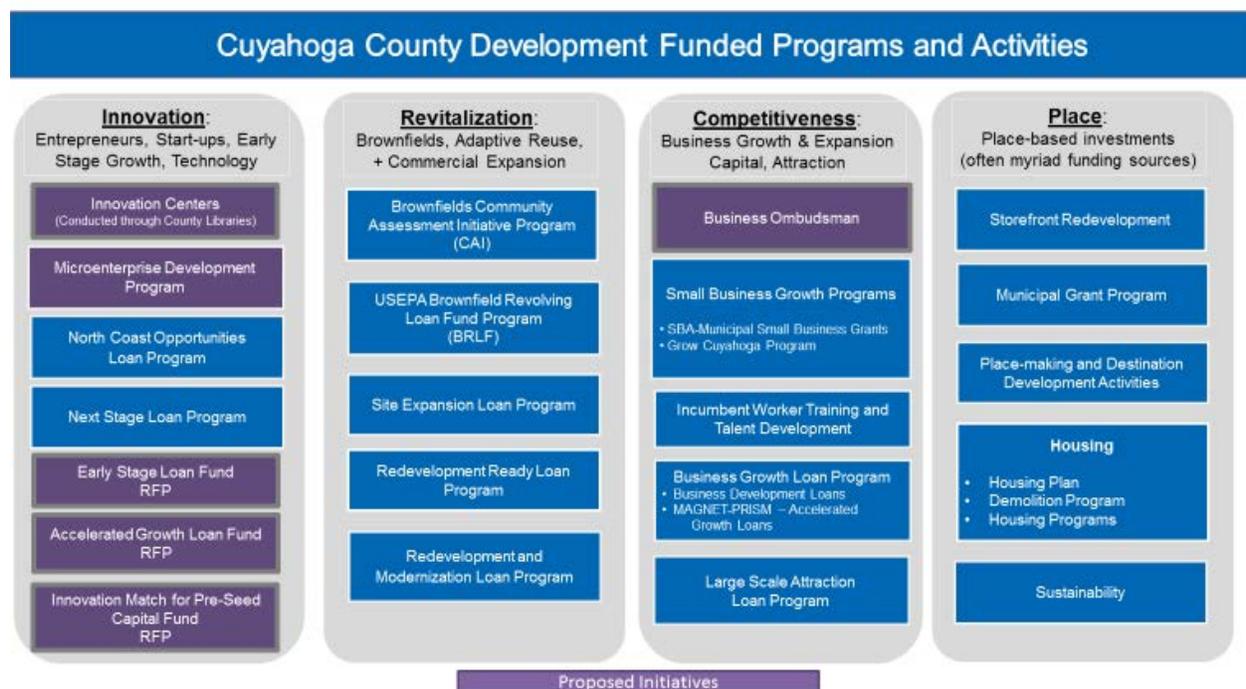
- Talent and Workforce Development
- Health and Human Services
- Planning, Sustainability and Regional Collaboration
- Economic Development Funders and Influencers



## Investment Approach: Innovation, Revitalization and Competitiveness in Place

Economic development is the process of enhancing and maximizing the inputs of production (land, labor, innovation, and capital) to improve the economic competitiveness of the region and create economic opportunities for businesses and individuals. Implementing an integrated investment strategy and ensuring clarity on how the county funds economic development activity is fundamental to our job creation strategies.

Throughout the Plan Year, the department will be working to improve existing programs by better connecting them with the activities of other departments. For example, the Department of Regional Collaboration will be well versed in Development programs to share with cities as part of Regional Collaboration’s service sharing. Existing programs will be sharpened to measure program outcomes or share program requirements with activities from other departments. For example, Development programs may share some of the metrics of HHS-funded job placement programs that measure wages, or encourage job growth in areas that the Planning Commission has deemed to have excellent employment access.



In 2015, the County Executive plans to introduce new programs with a new, more effective, approach to encouraging and fostering development of the county’s entrepreneurial endeavors. The county will seek to offer substantially-sized loans to entities on a competitive basis who will provide additional capital, technical assistance and other services to meet program goals. Importantly, the approach will seek a secured loan for activities that are considered a high capital risk.

## Innovation & Entrepreneurship

Innovation is the life blood of any healthy economy. The ability to create better or more effective products, processes, services, technologies, or ideas that are accepted by markets, governments, and society is a direct indicator of an economy's ability to add value and grow. It is vital for the County to facilitate and accelerate innovation development in order to create an environment conducive for economic growth. Channeling capital to promising companies with a pipeline of inventive products and services, the County adds critical resources to the creative mixture of concepts, employees and management.

Supporting entrepreneurship not only helps drive economic growth, but it is also an effective way to generate economic opportunity for low-income individuals or groups that have traditionally been economically isolated. Entrepreneurial development creates opportunities to achieve economic self-sufficiency, create wealth, and transform underserved neighborhoods.

The County identified five key aspects of innovation development that are designed to cultivate entrepreneurs and innovation and to nourish early stage companies along the capital formation continuum and product life-cycle.

**Innovation Centers:** Residents can access the resources to develop their business concepts and early commercialization efforts. Collaboration with mentors, experts within residents' neighborhoods and familiar environments will start at our libraries.

**Microenterprise Loan Program:** finances start-up businesses unable to access traditional lenders

**Northcoast Opportunities Technology Loan Program:** early stage funding to accelerate growth and attract investors for technology based businesses

**Next Stage Loan Program:** invests in companies primed for full commercial launch

**Innovation Initiative Funds:** Three Requests for Proposals (RFPs) underway will leverage county resources and attract additional outside funding to lend in the following areas:

- a. Early Stage Loan Fund*
- b. Accelerated Growth Loan Fund*
- c. Innovation for Pre-Seed Capital Fund*

## Property Revitalization: Reutilization, Acquisition and Expansion

Firms that are growing need to modernize and expand. Having development sites ready to meet the expansion and relocation plans of companies is essential. When companies are growing and require more space, they seek properties that can be available in a timely manner. Sites that are complicated by potential environmental issues or by functionally obsolete space or by vacant buildings that require demolition, possess significant cost disadvantage.

Our legacy industries have left vacant buildings and contaminated land in the core city and many inner-ring suburbs. The challenge facing older commercial and industrial land is often reinforcing and contributes to continued disinvestment. Growing businesses lack the additional capital and expertise necessary to address these redevelopment issues.

The key to reutilizing and redeveloping land is to provide applicable, attractive and relevant programs that provide swift and clear opportunities for companies to address complicated redevelopment issues. The County is actively engaging with companies seeking to locate, expand, or modernize in areas already served by existing infrastructure and transportation networks. As such, the preparation of land for redevelopment and the rapid response for the modernization of existing properties is a key piece in the County's place-based economic development plan. The County devised a strategy to address the property needs for successful companies already in Cuyahoga County, and to help them grow in place.

**Brownfield Redevelopment:** Assessment, Planning and Redevelopment of brownfield sites

**Redevelopment and Modernization:** finances existing site improvements, including modernization for identified end users

**Site Expansion:** finances blight removal and environmental cleanup of sites adjacent to existing end-user

**Redevelopment Ready:** finances environmental cleanup of underutilized sites with or without end-users

### **Business Competitiveness and Success: Growth, Commercialization and Attraction**

Business growth, commercialization, and attraction are a critical source of job creation and economic growth. Creating a globally competitive economic environment for businesses to grow and thrive requires a development approach that attracts entrepreneurs, businesses, professionals, and investment capital to locate, expand, and remain in Cuyahoga County. Creating access to flexible, dynamic sources of capital that address the growth needs of businesses will stimulate private investment and improve the economic landscape.

The County identified five business development strategies in this area to reinvigorate our economic competitiveness, encourage private investment and business growth, and create high value jobs. These five strategies address the fundamental gaps that often stifle growth and hinder investment.

**Business Ombudsman:** A firm point of contact for businesses to have improved access to county government and liaison to other public sector partners

**Small Business Growth:** Increase small business access to traditional lending markets

**Incumbent Worker Training:** Reimburse expenses for retraining workers

**Business Growth:** Capital for expansion, acquisition and product enhancements for new markets and diversification

**Large Scale Attraction:** Gap financing and incentives for large scale growth and attraction

## Place-Based Investments

### Housing Strategy and Programs

Housing is a major piece in place-based development. Creating high-quality, well connected places that offer diverse housing choices and provide access to enduring networks to live, work, and play is vital. Removing blight and demolition abandoned property clears the way for new growth. Housing plays a critical role in defining a place. Therefore a housing strategy is an important aspect for the County's place-based development efforts.

A wide range of stakeholders including academics, local governments, community development corporations, nonprofit housing agencies, and private developers, are engaged in a housing policy development and refinement process with County professional staff.

### Place Based Programs

Leveraging and harmonizing unique place-based assets is critical to creating an environment for a competitive economic landscape. Increasingly, studies have shown that business leaders consider the quality of place when determining where to start or relocate. Businesses' principle consideration is how location will affect organizations' ability to operate and grow. Place-based programs require partnership with cities and other partners. Examples include:

*Storefront Renovation Program*

*Municipal Grant Program*

*Other place-making and destination investments*

## Action Steps

On July 26, 2011 the County Council approved the first *Five Year Economic Development Plan*. As we enter Year V, the County has moved from establishment of policies, instituting program offerings and building critical capacity to sharpening the strategy concerning how these resources and tools are deployed. The shift is summarized by emphasizing outcomes rather than outputs, or "*what jobs are we creating?*" rather than, "*how many jobs are we creating?*"

### Action Item V-1: Refocus and Engage the Economic Development Commission

The Economic Development Commission and *Economic Development Plan* are established by the *County Charter* to plot the course for the economic development actions "to be carried out by the County itself, and in cooperation with other public and private agencies and organizations, for the purpose of enhancing the prosperity and well-being of the County and its residents and communities."

This year's plan commits the Economic Development Commission to agree upon shared goals for our region related to job growth and opportunity. In addition to "high-road" county government policy discussions, the Commission will focus on all sectors and partners represented by the commission, and convene other organizations whose missions include economic development.

The Commission meetings will be a centering point for macro discussions on economic development, such as matters of infrastructure development, workforce, planning and others that require a cohesive, allied approach to drive toward the Commission's shared goals. The Commission will be fully engaged and constituted.

### Action Item V-2: Align Investment Approach with County Priorities

The County's Department of Development will prudently tailor existing programs and deploy new programs as described by the *Plan's* Investment Approach. Performance measures shall be included in program implementation and evaluation.

Drawing from prior years' efforts and the County Planning Commission's Place Based Framework, the county will evaluate and recommend opportunities to use public projects for economic development opportunities, including examples such as the Opportunity Corridor and the Global Center for Health Innovation.

### Action Item V-3: Complete the Cuyahoga County Housing Study and Housing Plan

Housing is fundamental to our economy's development, and as referenced above integral to quality of life and other basic community indicators. Within county government, no fewer than eight separate departments have direct impact on housing outcomes. For these reasons, a county Housing Plan will be part of the *Five Year Economic Development Plan*.

County Planning will deliver a Cuyahoga County Housing Study generated from the data and providing context for housing policy-making (conditions, market, drivers, forecasts, etc.). That study will inform a Housing Plan—already underway—that outlines the actions and outcomes of the county's "touch" on housing, and deliver recommendations that the county and other stakeholders can take to improve housing conditions countywide.